

**FBIS**

# DAILY REPORT

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NAKASONE LEAVES FOR SUMMIT WORRIED ABOUT GULF

## Meets With LDP Elders

OW051205 Tokyo KYODO in English 1137 GMT 5 Jun 84

[Text] Tokyo, June 5 KYODO -- Prime Minister Yasuhiro Nakasone Tuesday was urged to create an environment for a U.S.-Soviet dialogue at the upcoming London summit of leading Western powers, his aides said. The appeal was made when Nakasone met separately with seven senior figures of his Liberal-Democratic Party (LDP), including former Prime Ministers Nobusuke Kishi, Takeo Miki, Takeo Fukuda and Zenko Suzuki. Nakasone, who represents Japan at the London summit, scheduled for later this week, visits these elders to seek their advice on the summit, the 10th among Japan, the United States, Canada, Britain, West Germany, France and Italy.

Nakasone said peace and disarmament are the topics to figure prominently at the summit and added its success depends on whether the participants can reach accord on ways to revitalize the world economy. The LDP seniors said the summit might stress international politics rather than world economic problems, including high U.S. money rates and mounting debts in developing nations.

They said Nakasone should work for the creation of an environment for realizing a dialogue between the United States and the Soviet Union. Former Prime Minister Miki said economic cooperation with developing countries should be strengthened through disarmament. Former Prime Minister Suzuki said the summit should not be a forum for discussion on containing the Soviet Union and called for Nakasone's efforts to ease tension between the Eastern and Western blocs. Former Prime Minister Fukuda described recent signs of an upturn in world economy as "passing" and said measures should be sought "from the global point of view" for economic revitalization.

Nakasone was also urged to discuss the Indochina problem and the Iran-Iraq war with other summit participants, his aides added.

## On Role in Gulf

OW060447 Tokyo KYODO in English 0443 GMT 6 Jun 84

[Text] Tokyo, June 6 KYODO -- Prime Minister Yasuhiro Nakasone Wednesday expressed concern at growing tension in the Persian Gulf following Saudi Arabia's downing of Iranian military planes. "I am really worried," he told reporters before leaving for London to attend the summit of seven Western powers. He said he has ordered the Foreign Ministry to collect detailed information on the recent development in the Iran-Iraq war.

## Leaves for Summit 6 Jun

OW060551 Tokyo KYODO in English 0515 GMT 6 Jun 84

[Excerpts] Tokyo, June 6 KYODO -- Prime Minister Yasuhiro Nakasone left for London Wednesday to attend the summit of industrially advanced democracies.

The first day meeting is expected to focus on discussion of political matters such as Iran-Iraq war and Western policies toward the Soviet Union.

Nakasone is scheduled to meet with President Ronald Reagan prior to the opening of the meeting.



## ANSA Interview

AU051950 Rome ANSA in English 1935 GMT 5 Jun 84

[Text] (ANSA) Rome June 5 -- The West has called on Japan, a country which has good relations with both Iran and Iraq, to play a "mediation" role to end the conflict, Japanese Premier Yasuhiro Nakasone disclosed today in an interview published in Italy. The interview, carried in the LA STAMPA daily of Turin, was devoted to the Western summit talks scheduled to be held later this week in London.

Nakasone construed the mediation role Japan could play in terms of moves to prevent the fighting from escalating, then to bring the two sides to agreement on a cease-fire. But, according to the Japanese leader, the West should not lose sight of another problem. In regional conflicts, he said, the big powers have to be very careful not to take sides. "If one side feels that it is being pushed against the wall", he warned, "it will inevitably be prompted to react with tremendous and irrational gestures".

The Western summit talks in London, Nakasone said, "have to succeed in giving hope to our peoples". According to him, the June 7-9 talks should be a "summit of light" which gives the world, "which is so confused", the message that "these nations defend and share the values of freedom and democracy".

Nakasone advanced eight points which he thought the West's seven most industrialized nations meeting in London should uphold:

1. "The seven industrial democracies are in favor of settling conflicts through peaceful means".
2. "The vehicle for achieving this end is dialogue".
3. "Disarmament negotiations between the United States and the Soviet Union should be resumed".
4. "Economic growth must be protected against inflation at all costs".
5. "The benefits of (economic) recovery must be extended to lesser privileged nations".
6. "Free trade must be defended, and we propose holding a new 'Tokyo round' for a new global trade agreement".
7. "The situation of currency exchanges, deficits and interest rates and international debts in [as received] represents a tremendous threat".
8. "The principle of solidarity upheld at Williamsburg (at the last summit talks in the United States in 1983), must be reasserted".

Nakasone defended his own record as Japanese Government leader in terms of domestic policy as well as relations with the West: "I achieved defense programs which others had drafted, but which up to now had remained a dead letter. "I authorized sharing our military technology with the United States.

To increased the defense budget by 6.55 percent in a year in which public spending was tightened. Above all, I believe that I contributed to redefining the political limits in which Japan may seek a personal strategic role within the Western framework".

FURTHER REPORTAGE OF KIM IL-SONG VISIT TO CSSR

## Ceremony at Tomb of Unknown

SK050933 Pyongyang KCNA in English 0913 GMT 5 Jun 84

[Text] Prague June 4 (KCNA) -- The great leader Comrade Kim Il-song, general secretary of the Central Committee of the Workers' Party of Korea and president of the Democratic People's Republic of Korea, laid a wreath and a bouquet before the Tomb of Unknown Soldiers and the Mausoleum of Comrade Klement Gottwald on the Zizkov Hill in Prague on June 4.

Present there were the members of the party and state delegation of the Democratic People's Republic of Korea and the suite.

Comrade Vasil Bilak, member of the Presidium, and secretary of the Central Committee of the Czechoslovak Communist Party; Comrade Bohuslav Chnoupek, member of the CCP Central Committee and foreign minister of Czechoslovakia; Comrade Frantisek Salda, director of the Presidential Office; and Josef Hadravek, ambassador extraordinary and plenipotentiary of the Czechoslovak Socialist Republic to Korea, were present on the occasion.

Arriving at the Tomb of Unknown Soldiers, Comrade Kim Il-song was greeted by Comrade Antonin Kapek, member of the Presidium of the CCP Central Committee and chief secretary of the Prague City Party Committee; Frantisek Stafa, member of the CCP Central Committee and mayor of Prague; and Colonel General Miloslav Blahnik, first deputy minister of national defence and chief of General Staff of the Czechoslovak People's Army.

Comrade Kim Il-song, together with the member of the delegation and the suite, laid a wreath before the Tomb of Unknown Soldiers and observed a moment's silence. The words "Glory to the Unknown Soldiers! Kim Il-song" were written on the ribbon hanging from the wreath.

Comrade Kim Il-song reviewed a guard of honour. Then, he laid a bouquet of flowers at the grave of Comrade Klement Gottwald and observed a moment's silence. After going round the grave, he made the following entry in the visitor's book: "May the feats of Comrade Klement Gottwald, an outstanding leader of the Czechoslovak people and a prominent figure of the international communist movement, remain forever. Glory to the Unknown Soldiers who fell in the sacred struggle for the freedom and liberation of the country! Kim Il-song, June 4, 1984."

## Kim, Husak Talks

SK052305 Pyongyang KCNA in English 2214 GMT 5 Jun 84

[Text] Prague June 5 (KCNA) -- Talks were held in Prague today between Comrade Kim Il-song, general secretary of the Central Committee of the Workers' Party of Korea and president of the Democratic People's Republic of Korea, and Comrade Gustav Husak, general secretary of the Central Committee of the Czechoslovak Communist Party and president of the Czechoslovak Socialist Republic.

At the talks they informed each other of the socialist construction and discussed the problem of further developing the relations of friendship and cooperation between the two parties and two countries and a series of matters of mutual concern, and reached a unanimity of views on the problems discussed.

Comrade Kim Il-song invited Comrade Gustav Husak to visit our country. Comrade Gustav Husak accepted this invitation with pleasure. The talks took place in a comradely, sincere and friendly atmosphere.

Present at the talks on our side were members of the DPRK party and state delegation Comrade Kang Song-san, member of the Political Bureau of the WPK Central Committee and premier of the Administration Council; Comrade Yi Chong-ok, member of the Political Bureau of the WPK Central Committee and vice-president of the DPRK; Comrade Kim Yong-nam, member of the Political Bureau of the WPK Central Committee, vice-premier of the Administration Council and foreign minister; Comrade Yon Hyong-muk, member of the Political Bureau, and secretary of the WPK Central Committee; Comrade Hyon Mu-kwang, alternate member of the Political Bureau, and secretary of the WPK Central Committee; Comrade Kong Chin-tae, alternate member of the Political Bureau of the WPK Central Committee and vice-premier of the Administration Council; and Comrade Chi Chae-yong, DPRK ambassador extraordinary and plenipotentiary to the Czechoslovak Socialist Republic.

Present there on the opposite side were Comrade Lubomir Strougal, member of the Presidium of the Central Committee of the Czechoslovak Communist Party (CCP) and premier of the government; Comrades Vasil Bilak and Milos Jakes, members of the Presidium, and secretaries of the CCP Central Committee; Comrade Josef Haman, secretary of the CCP Central Committee; Comrade Jaromir Obzina, vice-premier of the government and chairman of the technical development and investment commission; Comrade Rudolf Rohlicek, vice-premier of the government; Comrade Bohuslav Chnoupek, foreign minister; and Comrade Josef Hadravsek, Czechoslovak ambassador extraordinary and plenipotentiary to the DPRK.

#### Delegations Meet

SK052257 Pyongyang KCNA in English 2222 GMT 5 Jun 84

[Text] Prague June 5 (KCNA) -- Talks were held in Prague on June 5 between the members of the DPRK party and state delegation and the members of party and state of the delegation [as received] Czechoslovak Socialist Republic.

Present at the talks on our side were members of the delegation Comrade Kang Song-san, member of the Political Bureau of the Central Committee of the Workers' Party of Korea and premier of the Administration Council; Comrade Yon Hyong-muk, member of the Political Bureau, and secretary of the WPK Central Committee; Comrade Kong Chin-tae, alternate member of the Political Bureau of the WPK Central Committee and vice-premier of the Administration Council; and personages concerned.

Present on the opposite side were members of the delegation Comrade Lubomir Strougal, member of the Presidium of the Central Committee of the Czechoslovak Communist Party and premier of the government; Comrade Jaromir Obzina, vice-premier of the government and chairman of the technical development and investment commission; Comrade Rudolf Rohlicek, vice-premier of the government; and officials concerned.

The talks proceeded in a friendly and comradely atmosphere.

#### Silicon Sheet Plant Tour

SK061028 Pyongyang KCNA in English 1015 GMT 6 Jun 84

[Text] Prague June 5 (KCNA) -- Some of the party and state delegation of the Democratic People's Republic of Korea visited the silicon sheet plant in Frydek-Mistek on June 5.

Going to the plant were Comrade Yi Chong-ok, member of the Political Bureau of the Central Committee of the Workers' Party of Korea and vice-president; Comrade Hyon Mu-kwang, alternate member of the Political Bureau, and secretary of the WPK Central Committee; and the suite.

They were accompanied by Comrade Josef Haman, secretary of the Central Committee of the Czechoslovak Communist Party. Leading officials of the plant met the visitors at the gate of the plant. After being briefed on the history of the plant, the visitors went round the main production processes. They congratulated the workers of the plant on their achievements in their struggle for successfully fulfilling the construction programme of socialist society advanced at the 16th Congress of the Czechoslovak Communist Party and wished them greater success in their future production.

FOREIGN MEDIA CITED ON KIM IL-SONG'S VISITS

RUDE PRAVO Cited

SK020927 Pyongyang KCNA in English 0812 GMT 2 Jun 84

[Text] Pyongyang June 2 (KCNA) -- The Czechoslovak paper RUDE PRAVO May 31 carried an article on the threshold of an official goodwill visit of a party and state delegation of the Democratic People's Republic of Korea led by the great leader Comrade Kim Il-song to the Czechoslovak Socialist Republic. The paper says:

The forthcoming visit of the DPRK party and state delegation led by President Kim Il-song of the Democratic People's Republic of Korea, general secretary of the Central Committee of the Workers' Party of Korea, will be a new milestone in the relations between Czechoslovakia and Korea. The visit will be an occasion of showing the friendly and cooperative relations between the two countries since the Pyongyang visit by Gustav Husak, general secretary of the Central Committee of the Czechoslovak Communist Party, in 1973.

Referring to the DPRK foreign policy, the paper notes that the Korean Government supports the efforts of the socialist countries to preserve peace and security in Europe and the rest of the world and prevent the danger of the nuclear holocaust. The Korean Government also supports the steps taken by the Soviet Union, Czechoslovakia and the German Democratic Republic to cope with the deployment of new U.S. nuclear weapons for forestalling attack in West Europe, the paper notes, and remarks:

Although Czechoslovakia and Korea are far away from each other geographically, they regard it as their duty to participate in the building of a world where there is no war and nations cooperate with each other. Dwelling on the question of Korean reunification, it points out that the Czechoslovak people actively support the Korean people in their efforts to reunify the country in a peaceful way without foreign interference and consider their demand for the withdrawal of U.S. forces from South Korea to be entirely just.

Meanwhile, CTK in its article on May 30 stressed that the relations between Czechoslovakia and the DPRK have rapidly developed diversely in the spirit of friendship and cooperation.

CSSR Media Reports Noted

SK050820 Pyongyang KCNA in English 0816 GMT 5 Jun 84

[Text] Pyongyang June 5 (KCNA) -- Czechoslovak central papers, radio and TV reported articles on an official goodwill visit of the party and state delegation of the Democratic People's Republic of Korea led by the great leader Comrade Kim Il-song to Czechoslovakia.

The papers LIDOVA DEMOCRACIE, SVOBODNE SLOVO, PRACE, MLADA FRONTA and ZEMEDEL'SKE NOVINY May 31 carried news of an official goodwill visit of the party and state delegation of the DPRK led by the great leader to Czechoslovakia under the titles "Comrade Kim Il-song Pays Visit to Czechoslovakia", "Welcome to Comrade Kim Il-song" "Friendly Visit" and so on. Czechoslovak radio and TV reported a similar article on May 30.



## GDR Sojourn Reported

SK060831 Pyongyang KCNA in English 0823 GMT 6 Jun 84

[Text] Pyongyang June 6 (KCNA) -- Foreign mass media continue to give wide publicity to the GDR visit of the DPRK party and state delegation led by the great leader Comrade Kim Il-song.

ADN on June 1 reported that a DPRK-GDR friendship mass rally was held in Berlin with a large attendance in the presence of Comrade Kim Il-song and Comrade Erich Honecker and that Comrade Kim Il-song arranged a grand banquet in honour of Comrade Erich Honecker.

The June 2 issue of the GDR paper NEUES DEUTSCHLAND stressed that the DPRK-GDR treaty of friendship and cooperation opened a new occasion in the relations of friendship between the two countries as it defined the basic, long-term orientation of cooperation between the two fraternal countries.

Other GDR papers BERLINER ZEITUNG, NEUE ZEIT and TRIBUNE June 2 stressed that the treaty between the two countries is a "document showing close cooperation and solidarity," "confirmation of the close relations of friendship, comprehensive cooperation and unity" and "confirmation of close internationalist solidarity by the GDR and the DPRK." Meanwhile, GDR radio and television also reported the same content on June 1.

XINHUA June 1 reported about the grand DPRK-GDR friendship mass rally held in Berlin.

An account of the treaty of friendship and cooperation signed between the DPRK and the GDR was reported by TASS, the Yugoslav paper POLITIKA and the Radio Voice of America June 2, XINHUA, CETEKA, TANJUG, MENA, DPA, REUTER and Radio NHK June 1.

The Soviet paper PRAVDA, the Cuban paper GRANMA, the Mongolian paper UNEN, the Hungarian paper NEPSZABADSAG, the West German paper FRANKFURTER ALLGEMEINE ZEITUNG and AP June 1 and the Bulgarian paper RABOTNICHESKO DELO and the Italian paper L'UNITA May 31 gave accounts of the talks held between Comrade Kim Il-song, general secretary of the Central Committee of the Workers' Party of Korea and president of the Democratic People's Republic of Korea, and Comrade Erich Honecker, general secretary of the Central Committee of the Socialist Unity party of Germany and chairman of the State Council of the German Democratic Republic.

The June 1 issue of the Czechoslovak Paper RUDE PRAVO informed the readers that Comrade Kim Il-song and Comrade Erich Honecker visited Frankfurt/Oder County.

## Visit to Poland Noted

SK041210 Pyongyang KCNA in English 1051 GMT 4 Jun 84

[Text] Pyongyang June 4 (KCNA) -- Foreign mass media widely reported the Poland visit of the DPRK party and state delegation led by the great leader Comrade Kim Il-song.

The Polish paper ZOLNIERZ WOLNOSCI May 27 frontpaged his profile, the Polish papers TRYBUNA LUDU and ZYCIE WARSZAWY, the PAP news agency and television of Poland reported his Poland visit from May 28 to 30.

The Bulgarian paper RABOTNICHESKO DELO May 30 said that the Poland visit of the party and state delegation led by Comrade Kim Il-song was of particular significance in expanding and developing the relations between the two countries.

His visit to Poland was reported by the Soviet papers PRAVDA May 30 and IZVESTIYA May 29 and TASS May 29, the Chinese paper PEOPLE'S DAILY May 30, XINHUA May 28, the Yugoslav papers BORBA, POLITIKA, EDINSTVO and DELO May 28, TANJUG and Radio Belgrade May 27, the Bulgarian papers RABOTNICHESKO DELO, TRUD, NARODNA ARMIYA and ZEMEDEL'SKO ZNAME May 29, the Romanian papers SCINTEIA, SCINTEIA TINERETULUI and ROMANIA LIBERA May 29, Czechoslovak central papers May 28 and 29 including RUDE PRAVO, CTK May 28, the Hungarian papers NEPSZABADSAG, MAGYAR HIRLAP, NEPSZAVA, MAGYAR NEMZET AND DAILY NEWS May 29 and Hungarian TV May 27 and the Cuban paper GRANMA, PRENSA LATINA and Cuba TV May 29.

It was also reported by the Guyanese paper CHRONICLE, Guyanese first and second radios, the British paper TIMES, the Central African TV, radio and TV of Mali, the Tanzanian SHIHATA NEWS AGENCY, the Tanzanian paper UHURU and radio, the Ethiopian paper ETHIOPIAN HERALD, all papers, news agency and radio of Democratic Yemen, Ugandan radio, the Malaysian paper SIN CHEW JIT POH, the Nepalese paper RISING NEPAL, the Vietnamese paper NHAN DAN, Afghan radio, the Lao paper PASASON, the SUDANESE NEWS AGENCY, the Syrian radio and SANA, the Syrian paper TISHRIN and its TV, AFP, REUTER, Radio Voice of America, the Japanese papers MAINICHI SHIMBUN, ASAHI SHIMBUN, TOYKO SHIMBUN and SANKEI SHIMBUN from May 27 to May 30.

#### USSR Trip Reported

SK041115 Pyongyang KCNA in English 1003 GMT 4 Jun 84

[Text] Pyongyang June 4 (KCNA) -- Foreign mass media continue to give wide publicity every day to the Soviet visit of the party and state delegation led by the great leader President Kim Il-song.

The Lao paper PASASON May 30 said: In his speech at a welcome banquet arranged in the Grand Kremlin Palace on May 23 Comrade Kim Il-song, general secretary of the Central Committee of the Workers' Party of Korea and president of the Democratic People's Republic of Korea, referred to the Korean-Soviet relations of friendship and cooperation which are developing with each passing day in the interests of the two peoples. He also clarified the resolute stand of the Workers' Party of Korea towards struggling for world peace and its invariable stand towards reunifying Korea by peaceful means.

Lao central radio reported the same content that day.

The May 28 issue of the Bulgarian paper RABOTNICHESKO DELO in an article entitled "Internationalist Solidarity" said: The relations between the Soviet Union and the DPRK have entered into a new higher stage in all fields of socialist construction. We can say so in a word with regard to the results of the talks held between Comrade Kim Il-song and Comrade Chernenko in Moscow.

The supreme party and state leaders of the two countries reached a unanimity of views on mutual cooperation in various domains and put forward a vista for its further development. Comrade Chernenko expressed the determined stand of the Soviet Union that the U.S. troops should be withdrawn from South Korea and Korea be reunified peacefully on a democratic principle. The Soviet people express solidarity for the DPRK's stand towards turning the Korean peninsula into a nuclear free zone.

The Czechoslovak paper RUDE PRAVO May 26 under the headline "Cooperation Further Intensified Between the Soviet Union and DPRK" informed the readers that the problem of further expanding and developing the friendly and cooperative relations between Korea and the Soviet Union and that of the prevailing international situation were discussed at the talks between Comrade Kim Il-song and Comrade Chernenko.

The visit of Comrade Kim Il-song to the Soviet Union was reported by the Bulgarian papers OTECHESTVEN FRONT and OTECHESTVEN GLAS, the Czechoslovak papers MLADA FRONTA, LIDOVA DEMOCRACIE, SVOBODNE SLOVO, ZEMEDEL'SKE NOVINY and PRACE, the Guyanese papers NEW NATION and SUNDAY CHRONICLE, the Nigerian paper NATIONAL CONCORD, the Nicaraguan paper EL NUEVO DIARIO, the Burundi paper LE NOUVEAU, the Egyptian paper AL-AHRAM, the Finnish paper HELSINKI SANOMAT, the Libyan paper AL-FAJR AL-JAHID, the Kuwaiti papers KUWAIT TIMES, AL-QABAS and ARAB TIMES, the Zimbabwean television and radio, the Libyan radio, Guyanese national radios No 1 and No 2, Sahel radio of Niger and SHIHATA NEWS AGENCY of Tanzania from May 23 to 29.

#### Other Media on USSR Visit

SK051648 Pyongyang KCNA in English 1600 GMT 5 Jun 84

[Text] Pyongyang June 5 (KCNA) -- The Soviet visit of a party and state delegation led by the great leader Comrade Kim Il-song was reported by foreign mass media.

The Bulgarian paper RABOTNICHESKO DELO May 26 gave prominence to talks between Comrade Kim Il-song and Comrade Chernenko. Conveying news of the talks on May 28, too, it said that the relations between Korea and the Soviet Union have reached a new, higher stage in all fields. Similar articles were published by other Bulgarian papers ZEMEDEL'SKO ZNAME, TRUD, VECHERNI NOVINI and NARODNA MLADEZH May 28.

The talks were reported by the Yugoslav papers BORBA and POLITIKA May 26, the Vietnamese paper NHAN DAN May 27, the Afghan radio May 25 three times and the Afghan television on the same day twice.

The Portuguese paper DIARIO DE LISBOA May 26 and 27, the Pakistani paper MUSLIM, the Singapore paper STRAITS TIMES, and the Malaysian paper SIN CHEW JIT POH May 27, the Syrian paper ATH THAWRA May 26, the British paper TIMES and the YAR paper ATH THAWRA May 25 reported the gists of the talks.

The Syrian radio and television and the SANA news agency May 26 gave accounts of the banquet arranged in honour of Comrade Kim Il-song and the Afghan radio aired twice the speech of the great leader on May 24.

The UNI news agency of INDIA May 26 and her paper JAN YUG May 28 reported again the Soviet visit of the great leader Comrade Kim Il-song.

#### REUNIFICATION COMMITTEE DENOUNCES U.S. BUILDUP

SK060552 Pyongyang KCNA in English 0345 GMT 6 Jun 84

[Text] Pyongyang June 6 (KCNA) -- The U.S. imperialist aggressors must withdraw their troops and nuclear weapons from South Korea, says the Secretariat of the Committee for the Peaceful Reunification of the Fatherland in its information No 276 dated June 5 denouncing the U.S. imperialists' arms buildup in South Korea.

Referring to the fact that in a "press conference" some time ago Sennewald, former commander of the U.S. imperialist aggression forces in South Korea, prattled that the U.S. forces present in South Korea would be reinforced by 2,500 till next year and a light infantry division more than 19,000 strong be reformed and that a U.S. senator at an "academic meeting" said that more than 180 kinds of new equipment would be introduced into the U.S. troops present in South Korea within two or three years to come, the information says.



The U.S. imperialists describe their such arms buildup as one for "defending peace and security" on the Korean peninsula. But this is a paradoxical jargon. "Peace" and "security" on their lips are nothing but a pretext for beautifying their arms buildup.

If their U.S. imperialist aggressors truly want "peace" and "security" on the Korean peninsula, they must withdraw their forces and nuclear and other death weapons from South Korea, instead of deploying troops and war means there, and respond at an early date to our proposal for tripartite talks aimed at a peaceful settlement of the Korean question.

#### VPRP DIALOGUE ON NUCLEAR WEAPONS IN SOUTH

SK051024 (Clandestine) Voice of the RPR in Korean to South Korea 1000 GMT 4 Jun 84

[Dialogue between an unidentified announcer and Madame Yun: "South Korea Is the Forward Nuclear Base of the United States," from the "Hour for the Armed Forces" program]

[Text] [Announcer] Because of the U.S. imperialists' new war provocation maneuvers, South Korea has literally been turned into a nuclear storehouse of the United States and its forward nuclear base. I want to discuss this question with you today. Will you, first of all, talk about the status quo?

[Yun] Everyone knows that South Korea is a nuclear storehouse and forward nuclear base of the United States. Even the [words indistinct], published by the U.S. (?Defense Information Center) in 1981, exposed that 327 nuclear delivery means -- 48 Phantoms capable of carrying nuclear bombs and warheads, 28 8-inch guns, 76 155-mm howitzers, and 144 Nike Hercules, 4 Honest John, 2 Sargeant, and 25 nuclear mine launchers -- and 651 nuclear bombs and warheads had already been deployed in South Korea by the middle of the 1970's. Military specialists of the world, however, unanimously say that more than 1,000 nuclear weapons have been deployed in South Korea as of 1981. It has been learned that nuclear delivery means, including F-16 and F-4 Phantoms, 8-inch guns, and 155-mm howitzers, and various kinds of nuclear bombs and warheads, including Nike Hercules, Honest John, and Sargeant, are in South Korea. These nuclear weapons are deployed in Kunsan, Osan, Taegu, and other places across the country. There is a base for storing, supplying, and managing nuclear weapons in Kwangju. In particular, there is a site for nuclear-bomb-dropping exercises in Kowonri, southwest of Seoul. Not to mention the U.S. Air Force planes in South Korea, U.S. Air Forces planes in Japan fly there. Besides this, the U.S. and South Korean Air Forces frequently conduct nuclear-bomb-dropping drills.

[Announcer] We cannot repress shock and indignation at this situation. I think that the U.S. maneuvers of augmenting nuclear weapons in South Korea have become less disguised since Reagan, a war maniac, took over the White House.

[Yun] Hardly had Reagan, a war maniac, become President when he canceled the plan for the withdrawal of the U.S. troops in South Korea and spurred the augmentation of military capabilities. The Pentagon war mongers have more frantically introduced nuclear weapons into South Korea, clamoring about the unhesitating use of nuclear weapons and sticking to the so-called policy of strength.

At the beginning of 1981, they raved about the additional supply of 48 F-16's for the U.S. forces in South Korea and 35 F-16's for the South Korean Air Force. They have recently maneuvered to hand over more than \$8 billion worth of modern military equipment and weapons, including eight laser air-to-ground target hitting equipment and nuclear weapons, to the South Korean Army. In addition, they are talking about supplying 72 F-16's and 24 A-10's to the U.S. Air Force in South Korea and are pushing ahead with a plan to deploy nuclear cruise missiles, including cruise and Tomahawk missiles, and neutron bombs in South Korea and its adjacent waters.

Meanwhile traitor Chon Tu-hwan, a pro-U.S. flunkeyist betrayer actively following the U.S. nuclear strategy for world supremacy, scandalously raised the question to Reagan of moving U.S. Strategic Air Force B-52's at the Anderson base in Guam to South Korea. Traitor Chon Tu-hwan is planning to construct a base for B-52's in South Chungchon Province.

[Announcer] Indeed, we cannot repress indignation. Why do you think the U.S. wretches are running wild to turn South Korea into their nuclear storehouse and forward nuclear base?

[Yun] In short, their ulterior motive is to realize supremacy over Asia and the world. As you know, the U.S. aggressors have called the Korean peninsula the gateway to the Asian Continent, the vantage point deciding all successes of the United States in Asia. They have clamored about the Korean peninsula being the test ground for the showdown in the 1980's, undisguisedly saying that, together with Europe, the Korean peninsula is at the forefront of U.S. global strategy. The U.S. imperialists are seeking to achieve their wild desire for aggression and to expand military domination over Asia by provoking a new war, a nuclear war, on the Korean peninsula. Proceeding from this, the U.S. aggressors are introducing a large number of lethal weapons.

What we should keep an eye on in particular is that the U.S. aggressors and the treacherous Chon Tu-hwan group are babbling about U.S. nuclear weapons in South Korea constituting a nuclear umbrella for peace and security.

[Announcer] That is nonsense. If the U.S. aggressors and the Chon Tu-hwan ring dared to provoke a nuclear war in this land by producing and introducing large quantities of nuclear weapons in defiance of the opposition of our masses and the world's masses who love peace, the victims would be our masses, nation, and 3,000-ri land. If a nuclear war broke out, there is no guarantee that the United States would not be damaged.

[Yun] That is right. Talking about a nuclear umbrella and security while dragging in nuclear weapons is a dangerous act like dancing while smoking a cigarette on a pile of powder.

[Announcer] The U.S. imperialists' nuclear weapons, neutron bombs, and cruise missiles face strong opposition and rejection all over the world. It is said that nuclear mines are planted only in South Korea.

[Yun] That is right. Antinuclear struggles have been valiantly staged in European countries. It is believed that our masses should struggle, holding the antinuclear slogan. Can we idly look at maneuvers to introduce neutron bombs and nuclear cruise missiles into this land in addition to about 1,000 nuclear weapons which have been deployed there? We cannot idly watch and connive in these maneuvers. The danger of a new war, a nuclear war, which hangs over our masses should be removed for peace and security on the Korean peninsula. To this end, the anti-U.S. and anti-Chon Tu-hwan struggle to oppose the U.S. aggressors, who illegally occupied South Korea and who have converted it into their nuclear storehouse, and the Chon Tu-hwan ring should be more valiantly staged.

The officers and men in uniform should not be cheated by the deceptive maneuvers of the U.S. aggressors and the Chon Tu-hwan ring clamoring about the deployment of nuclear weapons being a measure for peace and security, but wage a powerful struggle to check and frustrate their criminal maneuvers to provoke a new war, a nuclear war.

The officers and men, who deal with lethal weapons, including nuclear weapons, or suffer from [word indistinct] and disgrace in the field concerned, in particular should take the lead in this struggle.

REUTER REPORT CITED ON PUSAN TAXI STRIKE

Pyongyang KCNA in English 0338 GMT 6 Jun 84

[Text] Pyongyang June 6 (KCNA) -- More than 300 taxi drivers in Pusan on strike held a street demonstration on June 5, according to a REUTER report from Seoul. They strongly demanded the betterment of working and living conditions.

Upset by the massive struggle of drivers, the fascist clique mobilized riot police to suppress them and arrested over 10 drivers. Enraged at this the drivers continued their persistent struggle for four hours. Some 20 cars were destroyed in the fierce battle with puppet police.

According to the report, more than 1,000 taxi drivers in the city staged a five-hour demonstration on June 4 in demand of the right to existence and democratic freedom.

YI YONG-SU ADDRESS RECALLS STUDENT 'UPRISING'

SK040418 Pyongyang KCNA in English 0341 GMT 4 Jun 84

[Text] Pyongyang June 4 (KCNA) -- A meeting of Pyongyang youth and students commemorating the 20th anniversary of the June 3 struggle of the South Korean students was held Sunday at the central hall of the League of Socialist Working Youth (LSWY). Placed on the platform of the meeting hall was a portrait of the great leader of our party and our people Comrade Kim Il-song.

Yi Yong-su, chairman of the LSWY Central Committee, made a report at the meeting. He emphasized that the June 3 struggle in 1964 was an eruption of the irrepressible indignation of the South Korean students and people at the U.S. and Japanese aggression forces and the Pak Chong-hui clique to traitors who tried to hurriedly conclude treacherous "ROK-Japan talks" and a just anti-imperialist, anti-fascist, save-the-nation resistance for overthrowing the outside forces and the traitors and retaking the lost national dignity and sovereignty.

The South Korean students and people, he said, came to learn the lesson of blood, through the June 3 uprising, that the struggle for national dignity and sovereignty could be crowned with decisive victory only when they fought it out in firm unity with the workers, peasants and other strata of the people under the correct leadership of a revolutionary party, till final victory.

He pointed out that the U.S. imperialist aggressors who occupied South Korea militarily in place of the Japanese imperialists imposed the colonial slavery again upon the South Korean people and turned the whole of South Korea into a living hell where slaughter and repression prevail.

Prattling that the security of South Korea is "indispensable to that of the United States" and that to keep hold on South Korea as a military stronghold is "the basis of the U.S. Asian policy," the present U.S. ruling quarters are persisting in reinforcing their forces present in South Korea and, at the same time, have turned the whole of South Korea into a powder keg, a most dangerous nuclear forward base by steadily shipping in nuclear and other latest-type mass destruction weapons, he remarked.

The reporter stated that the heroic Kwangju popular uprising in May 1980 shook to the bottom the foothold of the U.S. imperialists and their stooges for the colonial fascist rule and opened a new stage in the South Korean people's struggle for national salvation against U.S. imperialism.



He extended warm compatriotic support and encouragement, in the name of the entire youth and students in the northern half of the country, to the South Korean students and people of all strata who are courageously fighting for independence, democracy and reunification under the unfurled banner of national salvation against U.S. imperialism, never yielding to the sanguinary suppression by the Chon Tu-hwan fascist clique.

He called for decisively smashing the U.S. imperialists' frantic war exercises, arms buildup and manoeuvres to form an aggressive, criminal triangular military alliance between the U.S., Japan and South Korea, turning the Korean peninsula into a nuclear-free, peace zone and crushing at every step the Japanese militarists' reinvasion.

Noting that the DPRK proposal for tripartite talks is a most realistic and reasonable proposal for laying a guarantee for peace in Korea and a precondition for her independent and peaceful reunification, the reporter stressed:

We will patiently wait till the day when the United States and the South Korean authorities show an affirmative response to our proposal.

#### KCNA DIRECTOR, DELEGATION LEAVE FOR PRC

SK051659 Pyongyang KCNA in English 1608 GMT 5 Jun 84

[Text] Pyongyang June 5 (KCNA) -- A delegation of the Korean Central News Agency headed by its Deputy General Director Yang Yong-man left Pyongyang on June 5 by plane for a visit to China. It was seen off at the airport by Hong Hyon-chong, deputy general director of the KCNA, and Zong Kewen, Chinese ambassador to Korea.

#### PRC SPORTS COMMISSION DELEGATION ENDS VISIT

SK022237 Pyongyang KCNA in English 2215 GMT 2 Jun 84

[Text] Pyongyang June 3 (KCNA) -- The delegation of the State Physical Culture and Sports Commission of China headed by Li Mengjua, minister in charge of the commission, left here by train on June 2. It was seen off at Pyongyang railway station by Kim Yu-sun, chairman of the Korean Physical Culture and Sports Guidance Committee, and Zong Kewen, Chinese ambassador to Korea.

The Chinese ambassador arranged a party on June 1 at the embassy upon the conclusion of the Korean visit of the delegation.

#### FILM ON HU YAOBANG'S TRIP SENT TO CHINA

SK020411 Pyongyang KCNA in English 0358 GMT 2 Jun 84

[Text] Pyongyang June 2 (KCNA) -- The Central Committee of the Workers' Party of Korea sent the full-length documentary film "Korea Visit of Comrade Hu Yaobang, General Secretary of the Central Committee of the Communist Party of China" to the Central Committee of the CPC. A ceremony for conveying the film was held in Pyongyang on June 1.

Present on the occasion were Hyon Chun-kuk, member of the C.C., the WPK and first deputy director of a department of the party Central Committee, and personages concerned.

Also present there were Chinese ambassador to Korea Zong Kewen and his embassy officials. Hyon Chun-kuk conveyed the film to Zong Kewen.

After the ceremony, the attendants appreciated the film.

PAK SONG-CHOL MEETS COLOMBIAN PARLIAMENTARIANS

SK052324 Pyongyang KCNA in English 2211 GMT 5 Jun 84

[Text] Pyongyang June 6 (KCNA) -- Vice-President Pak Song-chol of June 5 met and had a friendly talk with the Colombian parliamentary delegation headed by Emilio Lebolo, member of the house of representatives and its ex-president. Chang Se-kun, vice-chairman of the Korea-Colombia Friendship Association, was on hand.

KIM IL-SONG GREETES SWEDISH KING ON NATIONAL DAY

SK050936 Pyongyang KCNA in English 0922 GMT 5 Jun 84

[Text] Pyongyang June 5 (KCNA) -- President Kim Il-song of the Democratic People's Republic of Korea sent a message of greetings to Carl Gustaf, King of Sweden, on June 5 on the occasion of the national day of the country. The message reads: On the national day of the Kingdom of Sweden I extend my warm congratulations and sincere greetings of good wishes to Your Majesty and the Swedish people.

WPK SENDS GREETINGS TO 33D FINNISH SDP CONGRESS

SK052244 Pyongyang KCNA in English 2206 GMT 5 Jun 84

[Text] Pyongyang June 6 (KCNA) -- The Central Committee of the Workers' Party of Korea sent a message of greetings on June 5 to the 33rd Congress of the Finnish Social Democratic Party. The message said:

The Central Committee of the Workers' Party of Korea warmly congratulates the congress of the Finnish Social Democratic Party and extends friendly greetings, through the congress, to the entire members of your party. Believing that the congress will be an important occasion in your party's activity for safeguarding peace and security in the world and achieving the country's independent and democratic development and social progress, we wish your congress great success in its work.

KSDP Message

SK052327 Pyongyang KCNA in English 2209 GMT 5 Jun 84

[Text] Pyongyang June 6 (KCNA) -- The Central Committee of the Korean Social Democratic Party [KSDP] sent a message of greetings on June 5 to the 33rd Congress of the Finnish Social Democratic Party. The message said:

We extend warm congratulations and cordial comradely greetings to the 33rd Congress of the Finnish Social Democratic Party and, through the congress, to all the members of your party. Hoping that the bonds of friendship sealed between our two parties will develop more favourably in the ideal of democratic socialism, we take this opportunity to heartily wish your party's congress greater success in its work for the strengthening of your party and the prosperity of the country.

KIM IL-SONG CONGRATULATES KING OF MALAYSIA

SK051540 Pyongyang KCNA in English 1507 GMT 5 Jun 84

[Text] Pyongyang June 5 (KCNA) -- President Kim Il-song of the Democratic People's Republic of Korea sent a message of greetings on June 5 to Sultan Mahmood Iskandar al-Haji Ibn al-Marhum Sultan Ismail, King of Malaysia, on his birthday. The message reads:

I warmly congratulate Your Majesty on your birthday. I take this opportunity to heartily wish you good health and happiness as well as success in your work for the prosperity of the country.

MEETING MARKS POCHONBO BATTLE ANNIVERSARY

SK040409 Pyongyang KCNA in English 0332 GMT 4 Jun 84

[Text] Pyongyang June 4 (KCNA) -- A meeting commemorating the 47th anniversary of the victory in the Pochonbo battle organised and commanded by the great leader Comrade Kim Il-song was held at the House of Culture in Pochon County, Yanggang Province, on June 3.

Yim Su-man, chief secretary of the Yanggang Provincial Committee of the Workers' Party of Korea, delivered a report at the meeting.

A gun report sounded by the great leader Comrade Kim Il-song in Pochonbo on June 4, 1937, shook the 3,000 ri land, he said, and went on: The Pochonbo battle was a historic battle that demonstrated once again to the whole world the outstanding tactics and bold art of command of respected Comrade Kim Il-song who led the Korean revolution as a whole to a new upsurge.

The Pochonbo battle, the reporter noted, clearly showed the world that the Korean people were not dead but alive and their revolutionary will to defeat the brigandish Japanese imperialists and liberate the country. He further said:

The Pochonbo battle shook the colonial ruling system of the Japanese imperialists to its very foundation, brought the dawn of national liberation to the Korean people and powerfully encouraged the world's revolutionary people in the struggle for national independence and liberation. Comrade Kim Il-song led the glorious anti-Japanese armed struggle from victory to victory, liberated the country, built a thriving socialist independent and sovereign state and a paradise of people in this land.

The reporter noted that the glorious party centre brilliantly carrying forward the revolutionary cause of *chuche* started in the thick forest of Paektu put forward the policy of defending, inheriting and developing the revolutionary traditions of our party and has wisely led the building of Yanggang Province, a holy land of revolution, into a big open air museum for the education of people in the revolutionary traditions.

RICE TRANSPLANTING FINISHED THROUGHOUT NATION

SK040413 Pyongyang KCNA in English 0338 GMT 4 Jun 84

[Text] Pyongyang June 4 (KCNA) -- The agricultural working people, three-revolution team members and helpers to the countryside in all parts of the country finished rice transplanting as of June 2, taking the country as a whole, excepting some cold land in the northern region and newly reclaimed tideland.

This year weather was unusually cold under the influence of the cold front. But all farming processes from the making of seed-beds to the sowing of rice in the cold beds and its management were conducted as required by the *chuche* method of farming to nurse stout rice seedlings and both the speed and quality were ensured by mechanizing the plucking and transplanting of rice seedlings in all rural villages.

Under the wise leadership of the party the agricultural working people and their helpers throughout the country basically finished the maize transplanting and then successfully would up the rice transplanting and thus achieved the brilliant initial victory in the endeavours to attain the 10 million ton goal of grain this year, the last year of the Second Seven-Year Plan.

CONCERN OVER SAFETY OF WORKERS IN MIDDLE EAST

SK060508 Seoul YONHAP in English 0306 GMT 6 Jun 84

[Text] Seoul, June 6 (YONHAP) -- With the deterioration of the Middle East situation following the newly intensifying Iran-Iraq war, the South Korean Government is considering measures to secure the safety of Korean workers in the region, including an emergency evacuation, a government source said Wednesday.

The Gulf war, now in its 45th month, has entered a more dangerous phase that may evolve into another all-out war between the two bitter foes. The government currently is working out measures to secure Korean workers' safety against such an escalation, the source said. The government recently recommended that South Korean national flag carriers refrain from entering the area of the Persian Gulf above 27.5 degrees north latitude.

"The nation has no plan to send any oil tankers to the dangerous region for the time being, but is worrying about general cargo ships that carry export goods and construction materials," he said. "South Korean workers in Iraq are considered relatively safe because their construction site is located far from the battle area. However, the nation's workers in Iraq's border city of Basra will be evacuated to a safer place in an emergency, he added. "The government is checking developments in the region through daily contacts with the South Korean missions in the two nations and with construction companies on the spot," he said.

TRADE, EXPORT ISSUES, TIES WITH FRANCE DISCUSSED

SK050245 Seoul YONHAP in English 0237 GMT 5 Jun 84

[Text] Paris, June 4 (YONHAP) -- South Korea has asked France to increase its quota on imported Korean-made television sets from the current 16,000 to 80,000 per annum, the same level as granted to Japan. The request was conveyed during a meeting Monday between Korean Trade and Industry Minister Kum Chin-ho and his French counterpart Edith Cresson to seek increased economic cooperation and trade between the two countries.

During the meeting, Kum asked the French Government to remove the French import quota system for Korean-made radio and television sets under the so-called "residual import restriction" formula. Kum also called for the removal of the French import restrictions on Korean-made time pieces. He also demanded that advanced technology and capital goods be transferred to Korea especially in the small and medium-sized industrial areas. He suggested that joint Korean-French construction firms be established to work in other countries.



Pointing out that two-way trade decreased by an average of 2.3 percent during the last five years, Kum asked the French Government to import more Korean-made industrial parts and components. Kum is now on a 20-day overseas trip to the United States and five European countries.

The French side, in turn, said that it would consider the Korean requests with flexibility in close connection with its domestic economic situation. Cresson said she hoped France would participate in such Korean development projects as steel plants, nuclear power plants, and the construction of the Seoul-Pusan electric railroad system.

Kum earlier in the day met with French Minister of Research and Industry Laurent Fabius and the two agreed to set up a cooperation channel between the Korean Small and Medium Industry Promotion Corp. and the French Industrial Development Promotion Association to improve cooperation between both countries' small and medium-sized industries.

The eighth joint meeting of the Korea-French Economic Cooperation Committee also was held on Monday with more than 100 delegates from the two countries attending.

#### FOREIGN MINISTER YI WON-KYONG RECEIVES SON SANN

SK060141 Seoul Yonhap in English 0124 GMT 6 Jun 84

[Text] Seoul, June 6 (YONHAP) -- South Korean Foreign Minister Yi Won-Kyong said Wednesday the South Korean Government is ready to assist Kampuchean refugees for humanitarian reasons when he met with Prime Minister of the Coalition Government of Democratic Kampuchea Son Sann. The foreign minister also said the government hopes the Kampuchean situation will be settled peacefully as soon as possible, supporting the United Nations' resolutions and other international declarations adopted to help resolve the Kampuchean crisis.

During a 30-minute meeting shortly after Son Sann arrived here for a four-day unofficial visit, the 73-year-old politician asked for economic aid to Kampuchean refugees. Explaining the Indochinese political situation, including the Vietnamese invasion of Cambodia and the Vietnamization of this region, he claimed that some 300,000 Vietnamese have settled in Cambodia and are exploiting food and other major resources from his country. Pointing out that anti-Vietnam movement is heightening and a growing number of troops from the Vietnam-backed Heng Samrin regime have defected to the Coalition Government, the prime minister stressed that economic and political assistance to the coalition from Western nations should be strengthened at this moment. The South Korean Government donated 50,000 U.S. dollars to the Kampuchean refugees through Thailand in 1982.

During his stay here, Son Sann will meet with South Korean Prime Minister Chin Ui-chong Wednesday and tour industrial facilities in southern Korea and the truce village of Panmunjom in the Demilitarized Zone dividing the South and North.

CHON SEES MORE POSSIBILITY OF NORTH'S INVASION

SK040237 Seoul YONHAP in English 0231 GMT 4 Jun 84

[Text] Seoul, June 4 (YONHAP) -- South Korean President Chon Tu-hwan said Sunday the possibility that North Korea might launch a southward invasion is becoming ever-more likely due to its recent serious economic difficulties.

Inspecting military units at the nation's eastern and central-western front line Sunday morning, the chief executive called on military officers and men at the front to strengthen their combat readiness and precautions against a possible North Korean attack on the occasion of the 34th anniversary of the 1950-53 Korean war. On June 25, 1950, North Korean troops crossed the border and launched a blitzkrieg on the South, taking advantage of Sunday.

Following unit commander's briefing on the current military situation at the front, Chon said that he inspected the front on Sunday because this month marks the 34th anniversary of the Korean war and because he wants to encourage troops who should defend the nation without the opportunity to take a holiday.

Referring to North Korean commando infiltration by sea and land, Chon instructed military commanders to maintain a chain of consistent command and closer cooperation between concerned organizations to cope with such provocations effectively and swiftly.

The president also directed that they should draw up military plans to crush the enemy's main force within three days after a war breaks out, adding that the commanders should make efforts to boost military morale and strengthen combat capabilities for chemical, biological and radiological warfare.

ASSEMBLY PANEL TO DEBATE TONGDUCHON INCIDENT

SK050051 Seoul THE KOREA HERALD in English 5 Jun 84 p 1

[Text] The National Assembly Defense Committee will convene late this week to hold a debate on the rampage by soldiers in Tongduchon City and on the recent annual meeting of Korean and American defense ministers. The exact date of the meeting will be determined by the committee chairman.

Floor leaders of both ruling and opposition parties also agreed in principle to convene committees of education-information, trade-industry and transportation-communications to discuss campus unrest, the domestic oil supply and the on-going dispute between taxi drivers and taxi companies. They, however, disagreed on the necessity of calling the Home Affairs Committee. They will meet again today.

The DKP has dispatched a fact-finding team to Taegu where hundreds of taxi drivers have staged a demonstration to demand the lowering of the daily earning which they must turn in to their firms. Cabbies in Pusan and other cities also demanded a substantial cut in the daily turnover. Minister of Transportation Son Su-ik said last week that the turnover could be lowered by 2,500 to 5,000 won, without any fare increases.

The DKP team, meanwhile, released a preliminary report on the Taegu dispute. It alleged that eight cab drivers have been manhandled by relevant officials for their involvement in the strike.

The matter requires serious debate at parliament, said Mok Yo-sang who headed the fact-finding mission.

Earlier in the day, DJP floor leader Yi Chong-chan and his opposition counterparts agreed to hold a meeting of party secretaries general Thursday to begin negotiations on revising the National Assembly Election Law.

The opposition floor strategists are Rep. Im Chong-ki of the Democratic Korea Party and Rep. Kim Chong-ha of the Korea National Party.

#### MINISTER OPTIMISTIC ON TAXI DRIVERS DISPUTE

SK050053 Seoul THE KOREA HERALD in English 5 Jun 84 p 1

[Text] Minister of Transportation Son Su-ik yesterday was guardedly optimistic that the current dispute between cab drivers and taxi firms will not worsen.

Son told a meeting attended by relevant officials of the ruling party and the government that negotiations between Representatives of drivers' unions and taxi firms in Seoul began yesterday afternoon. The capital city's 32,000 taxis is the largest number in the country.

Son was quoted as having said that he foresaw "few obstacles" to a successful conclusion of the talks, which started at 2 p.m. He based his optimism on the fact that taxi companies in the metropolitan area are ready to make "big concessions" and sharply cut the daily earnings that cabbies must turn in to their firms. The daily amount is said to be between 67,000 won and 70,000 won.

In Taegu, where the dispute first occurred, the taxi firms' cut was lowered by as much as 10,000 won, according to a report. Son said last week he believed that taxi firms could lower their take by 2,500 won to 5,000 won without raising fares.

He told officials of the Democratic Justice Party yesterday that it is difficult for the government to get deeply involved in the dispute, which he said is essentially a problem between cabbies and their firms. The ministry, nonetheless, is reported to be persuading taxi companies to resolve the dispute peacefully and cut the daily proceeds.

While many drivers, particularly owners of individually owned taxis, are making a satisfactory living, many others are not so satisfied, party officials disclosed.

Cabbies appear to be very critical of their firms, which they believe reap large profits by taking advantage of strict controls on the number of taxis. Over 10 million won must be paid as a premium, in addition to the cost of a car, to obtain a license for a taxi.

The ruling party earlier called for a drastic increase in the number of taxis in hopes of reducing vehicle prices and of easing traffic problems in the capital city. Currently, cab drivers are paid 250,000 to 300,000 won a month, if they are working under a salary system.

KIRKPATRICK'S 'PACIFYING MISSION' TO ASEAN VIEWED

BK050704 Phnom Penh SPK in English 1107 GMT 4 Jun 84

[Text] Phnom Penh June 4 -- In her recent tour of some southeast ASEAN [as received] countries, U.S. Ambassador to the United Nations Jeane Kirkpatrick aimed to kill two birds with one stone, but the missile fell short of both targets. Sent on a pacifying mission following the brazen Sino-American courtship during Reagan's China visit, Kirkpatrick had the delicate job of allaying, in her own words, "anxiety... about the progressively more friendly and normal relations" between the United States and China, and of assuring ASEAN allies that Washington would not "sell out" on their independence.

But despite her rhetoric juggling Kirkpatrick could not be convincing enough. In Kuala Lumpur she had to own up to the fact that "China has demonstrated some expansionist moments in foreign affairs" and that it was "perfectly legitimate for small countries in the region to feel threatened by a large and populous nation like China." And, with disappointment, she acknowledged that "the United States could do little to calm the fears."

The other objective Kirkpatrick had in mind but failed to achieve was to patch up differences on Kampuchea. By saying that the United States "shared the concern of the ASEAN countries over the Vietnamese occupation of that country and its consequences" Kirkpatrick deliberately glossed over the fact that to a growing majority in this region the concern about the threat of Chinese expansionism, as experienced first-hand by Kampuchea and Vietnam, by far outweighs the concern about Kampuchea.

Kirkpatrick's promise that "we follow the ASEAN lead on this (Kampuchea) issue was another semantic nonsense because there's virtually no united ASEAN lead to speak of despite noisy assurances to the contrary from certain quarters. Opinions in the ASEAN countries are clearly divided, and ascendancy is being gained by those preferring dialogue to confrontation in the settlement of regional problems. Kirkpatrick and those who gave her that uphill assignment should know better than going against the stream.

SIHANOUK'S GOODWILL TOUR OF ASIA SCORED

BK051250 Phnom Penh SPK in English 1119 GMT 5 Jun 84

["Salesmen" -- SPK headline]

[Text] Phnom Penh SPK June 5 -- Sihanouk deserves the praises of Beijing, Pol Pot and Co. for being a tireless travelling salesman. During his rounds, which took him to Beijing, Tokyo and other capitals, that self-appointed spokesman for "Democratic Kampuchea" -- a regime synonymous to genocide -- took every chance to boast of unity and solidarity among the monstrous troika consisting of himself, Pol Pot and Son Sann. Did he hope, so doing, to clean the slate for "Democratic Kampuchea" under which 3 million people, including 19 of his own children and grand children, were killed in the most horrible conditions? How could he lie so shamelessly when it is public knowledge that he and his partners cannot wait to jump at one another's throat? Does he know that he is but a pawn in Beijing's hands? Sihanouk might have other things at the back of his mind, but his public statements indicated his intention to back Pol Pot, whose foothold is dwindling on the international arena. By praising the "solidarity of the three factions in all fields," Sihanouk intended to strengthen the collusion of the Khmer reactionaries against the rebirth of his country, the land of Angkor, in furtherance of directives from Beijing, Washington and Bangkok to prevent Southeast Asia from enjoying stability.



Sihanouk is defending a lost cause and his behaviour is a challenge to the Kampuchean people and all other people of conscience in the world, who demand that Pol Pot and his cronies -- the source of all troubles and instruments of Beijing's expansionist policy -- be eliminated for good.

Sihanouk should know better than that. He should know that following their failure to kill off the Kampuchean people and turn Kampuchea into a district of the Middle Kingdom, the Chinese expansionists and hegemonists have tried to stage a come-back for their hatchet men by juggling with their puppets. He should know that it is not fortuitous that Pol Pot has always got the lion's share of the Chinese aid to the troika. And it was with Chinese weapons and supplies that the butchers of "Democratic Kampuchea" perpetrated a whole series of crimes at the border early this year, murdering civilians, looting, applying the torch to markets, and so on, and only the Pol Potists got the "credit" for that.

To the expansionists and hegemonists in Beijing and their henchmen, the deaths of 3 million people may not be enough. But to the Kampuchean people that tragic experience must never be repeated. The source of all these evils must be removed. The Pol Potists and their partners in crime must be eliminated.

The five years just gone was proof enough of the determination of those who have survived the genocide. These people have built a human regime on the basis of scientific socialism and they intend to preserve this regime -- the People's Republic of Kampuchea which is guaranteed by a Constitution promulgated by a national assembly set up through democratic elections. All Kampuchean patriots worthy of that name will work with might and main to strengthen this regime chosen by the people.

#### ARMY PAPER STRESSES ATTRACTING POL POT DESERTERS

BK060606 Phnom Penh Domestic Service in Cambodian 1200 GMT 5 Jun 84

[KANGTOAP PADEVOAT editorial: "Cooperate With the People in Carrying Out the Movement To Persuade Misled Persons To Return to the Fold"]

[Text] The task of persuading misled persons in the ranks of the Pol Pot remnants and other Khmer reactionaries to return to the fold has now become a strategic and significant task of our people's war. Close cooperation with the people is therefore a key factor for our Armed Forces to successfully carry out this task. So far, our KPRAF have effectively coordinated mopping-up operations against the enemy with the revolutionary movement to persuade those who are misled or have been forced to follow the enemy.

Since 1983, and particularly this year, our big victories scored in mopping up the enemy along the Kampuchean-Thai border have brought about better conditions for our movement to persuade enemy soldiers to surrender. Due to mopping-up operations, the Pol Pot, Sihanouk, and Son Sann groups have suffered very bitter defeats. Many positions of the enemy's so-called divisional and brigade headquarters were smashed, while thousands of enemy elements were either put out of action by our forces or forced to flee into Thai territory. Their morale and will to fight have been shattered. The enemy elements are suffering from internal rift. They are losing hope over the success of their unjust war and have become fed up with the difficult, protracted, and meaningless struggle. They have encountered serious shortages of food, supplies, and medicine. Many enemy military officers and soldiers have become more aware of their superiors' evil and traitorous face. They have become well aware that the Kampuchean people hate their superiors. They have realized the correctness and justice of our revolutionary regime which has improved our people's living conditions with every passing day.

This is the right time for us to further stimulate our movement to persuade enemy soldiers and misled persons to return to our revolution's side. This task is a significant one, especially for remote localities where enemy elements always carry out their activities. Moreover, the forces in the ranks of the Pol Pot remnants and other Khmer reactionaries are mostly husbands, sons, relations, or brothers of our Kampuchean peasants in local areas. They have been either misled or forced to follow and serve the enemy. To successfully carry out this movement, our Armed Forces must cooperate closely with the people and local authorities at all levels. First of all, cadres, combatants, and inhabitants must be informed of the significance of the movement to persuade the misled persons to return to the fold, of our revolutionary tasks, and of the policy of our party and state. While disseminating news of the great victories we scored in the past 5 years, particularly the military victories scored last dry season, we must make clear to all the enemy's deteriorating situation and the clemency policy of our party and front toward misled persons who repent and return to the fold. We must educate the masses on this and regard them as our prop, because the revolution is the cause of the masses. Only with the full participation of the masses can we score victory. Particularly, our Armed Forces must stimulate the families whose husbands, sons, brothers, and relatives are in the enemy ranks to persuade those persons to return to the revolution. We must regard such families as the most suffering families. At the same time, we must persuade the masses to join in the revolutionary movements, particularly in carrying out the task to expose the enemy elements implanted among the masses. Anywhere they are, our Armed Forces must cooperate with the authorities and mass organizations there. Particularly, they must cooperate closely with the women's associations which constitute a most effective force in persuading misled persons to return to the right path. After the misled persons have turned themselves in to our revolutionary authorities, we must not do anything contrary to the revolutionary lines and clemency policy toward misled persons adopted by our party and state. For this reason, cadres, combatants, and inhabitants must be clearly informed that this is the humanitarian task and that they must behave as the most truthful, generous, and kind revolutionaries. We must avoid the arrest, torture, or detention of the returnees. We must not confiscate their belongings. On the contrary, we must make them understand our party's policy and allow them to return to their families after they have become repentant. If these above-mentioned tasks are carried out effectively, we will be able to obtain high results in our movement to persuade the misled persons to return to the fold, thus weakening the enemy's forces while increasing our revolutionary forces for the defense and construction of our Kampuchean fatherland in order to make it become more prosperous.

#### VIETNAMESE RESISTANCE TO PRC 'ATTACKS' PRAISED

BK051314 Phnom Penh SPK in English 1105 GMT 5 Jun 84

["We Shall Overcome" -- SPK headline]

[Text] Phnom Penh SPK June 5 -- However pious the Chinese expansionists may pretend to be in their words, there is no gainsaying that the explosive situation along the Sino-Vietnamese border is entirely their handiwork. The two-month-old war escalation against Vietnam's northern territory, in the form of massive artillery and infantry attacks across the border and the massing of large forces including aircraft and tanks in border areas, is not an isolated move, but is part and parcel of a long-term strategy to trap Vietnam in all-out war of sabotage, to nibble away its territory, change the historical borderline, and eventually conquer the Vietnamese people.

This strategy was first put into practice in February 1979 when, with an invasion force of 600,000 men, China launched simultaneous assaults on all the six northern provinces of Vietnam. The unprovoked invasion was repulsed in a matter of days but Beijing's aggressive intention was not broken and now it is rearing its ugly head again, more threateningly than ever.

The hypocritical plea that Beijing is acting in "self-defence" is too transparent to fool anyone. How many times, in the past centuries, did China have cause to "defend itself" from Vietnam, a country infinitely smaller in both area and population? Was it in "self-defence" that China attacked Burma in 1956, India in 1962, and the Soviet Union in 1969? Was it in "self-defence" that the Chinese hegemonists ordered their hatchetmen -- Pol Pot, Ieng Sary and Khieu Samphan -- to depopulate Kampuchea and to make war on Vietnam in 1975?

Decidely not. The real motive behind China's hostility to Vietnam, to its other neighbours, big and small, and to all other countries in South Asia, is expansionism -- an ambition harboured by the first Chinese emperors, consistently practised through the centuries, and made into a national policy by the present Chinese leadership. A look at the latest Beijing-published revised map of Southeast Asia is enough to confirm China's dark designs: Almost the whole region is claimed to be Chinese territory.

And the reason for China to concentrate its hostility on Vietnam now is that the latter is in the way of eventual Chinese expansion to the whole of Indochina and Southeast Asia. Vietnam, led by a genuinely Marxist-Leninist party, has stood firm in the face of all foreign aggressions. It has had the courage to say "no" to China's hegemonistic dictates. It has galled the expansionists by coming to the rescue of the Kampuchean people condemned to slavery and extinction by China.

In dealing with Vietnam the Chinese rulers stake heavily on their brute strength and the collaboration of their U.S. ally. But like their ancestors, they grossly underestimate the legendary courage and resiliency of the Vietnamese people. Moreover they count without the militant solidarity of the three Indochinese peoples, who have always stuck together through thick and thin.

To the Kampuchean people, the Vietnamese Foreign Ministry's June 4 memorandum on the Chinese war escalation is a call for action. Our answer is: "Ready." We are ready to join our Vietnamese comrades and brothers in fighting our common enemy. We are determined to make our country like Vietnam and Laos, an impregnable fortress against Chinese expansionism. The Vietnamese people shall overcome. The three Indochinese peoples shall overcome.

#### VODK ASSAILS SOVIET EXPANSIONIST POLICY

BK030636 (Clandestine) Voice of Democratic Kampuchea in Cambodia 2330 GMT 2 Jun 84

[Station commentary: "The Soviets Have Turned a Blind Eye and a Deaf Ear to the Issue of Vietnamese Aggression in Kampuchea, Which Is the Main Cause of Instability in Southeast Asia"]

[Text] During the banquet he hosted for [Australian Foreign Minister] Hayden in Moscow, Soviet Foreign Minister Gromyko stated that problems in Southeast Asia must be resolved through peaceful dialogues without any external interference. Everyone laughs at this statement by Gromyko. They ask: Whom does Gromyko wish to teach by lying like this?



Everyone, and in particular various countries in Southeast Asia, do not need the Soviet international expansionists to lecture them about this issue because these countries did not interfere in the internal affairs of other countries and they did not send their troops to invade and occupy any neighboring countries. These countries told the Soviets they should examine their own acts before giving advice to others. The Soviet expansionists have interfered in other states' internal affairs in all regions throughout the world. The irrefutable example is their aggression in Afghanistan. The Soviets have sent over 100,000 soldiers to invade and occupy Afghanistan -- an independent, peaceful, neutral, and nonaligned state. Over the past 4 years, the world and the United Nations have repeatedly called on the Soviets to withdraw all their aggressor troops from Afghanistan in order to resolve the Afghan problem through peaceful means or through peaceful dialogues as Gromyko says. Why have the Soviets turned a deaf ear to this call? Why did they not want to resolve the Afghan problem through peaceful means? Why have they made every effort to teach others about this issue?

There is more clear evidence of Soviet expansionist policy. The Soviets have supported and provided all types of aid to the Hanoi Vietnamese in their aggression against and occupation of Kampuchea. The whole world has asked the Soviets to stop providing aid, weapons, and ammunition to the Vietnamese so the Vietnamese cannot continue to massacre the Kampuchea people and exterminate the Kampuchean race. The world has clearly **realized that the present tension and instability in Southeast Asia are caused by** Vietnamese aggression and occupation of Kampuchea. There is nothing more than that. All sessions of the UN General Assembly have adopted resolutions calling on the Hanoi Vietnamese enemy aggressors to immediately and unconditionally withdraw all their troops from Kampuchea and to respect the Kampuchean people's right to determine their own destiny with no external interference. Are the Soviets blind to all the above-mentioned situations? Are they deaf? Why have they not heard these repeated calls from the international community and the UN General Assembly?

Everyone has unanimously agreed that it is necessary for the Afghan and Kampuchean peoples, who are the owners of their countries, to continue their vigorous struggle against the Soviet and Vietnamese aggressors. Concurrently, it is necessary that the international community continue to vigorously and effectively assist the struggle of the Afghan and Kampuchean peoples in order to increase their forces in the fight against the Soviet and Vietnamese aggressors on the battlefields, thus causing more difficulties for the aggressors and bogging them down even more to the point that they cannot extricate themselves from their respective impasses. It is important that the world pressure the Soviet and Vietnamese aggressors until they completely withdraw their troops from Afghanistan and Kampuchea in accordance with successive UN resolutions.

These measures are necessary to make the expansionist-aggressors and their accomplices respect international law and the UN Charter and live with all neighboring countries in conformity with the 5-point principle of peaceful coexistence.

OFFICIAL SUMMONS THAI ENVOY ON BORDER ISSUE

BK060344 Vientiane Domestic Service in Lao 0000 GMT 6 Jun 84

[Text] At 1500 on 5 June 1984, Souban Salitthilat, deputy foreign affairs minister of the LPDR, summoned Somphong Faichampa, ambassador of the Kingdom of Thailand to the LPDR, to consult and exchange views on Lao-Thai relations in connection with the situation in Paklai District, Sayaboury Province, opposite Fak Tha District, Uttaradit Province, of Thailand. Souban Salitthilat informed the Thai ambassador that on 24 May 1984, some 100 Thai rangers violated Lao territory in the villages of Mai, Nafai, and Nakhem and that later, on 25 May 1984, some 70 Thai rangers violated Lao territory in the same villages again. Lao soldiers resorted to measures to force the Thai rangers to retreat from these villages.

Regarding this issue, the ambassador gave an explanation of the location of Thai villages in the border areas. He said: There are mountains and jungles in those areas and it is difficult to say those villages are located within Lao or Thai boundaries. However, he added that specialists should be allowed to make an inspection of the vicinity to make it clear.

In short, the deputy minister and the ambassador have agreed that the situation in these areas is not a major issue and that it can be settled through consultations between local authorities of the two countries. In addition, the deputy foreign affairs minister informed the Thai ambassador of the general situation along the common border areas, in particular the situation in connection with activities carried out by the Lao reactionaries in Bung Kan District opposite Laos' Paksan District. He also informed the ambassador of news reports that do not favor the promotion of relations between Thailand's Mukdahan Province and Laos' Savannakhet Province. The Thai ambassador explained this latter issue with reasons and pledged to take the outcome of the consultative meeting to the Thai Government for its information.

The meeting between the LPDR deputy minister of foreign affairs and the Thai ambassador continued in a good atmosphere of mutual understanding.

LOCAL LEVEL TALKS ORDERED ON BORDER DISPUTE

BK050236 Bangkok THE NATION REVIEW in English 5 Jun 84 p 3

[Text] Laotian Ambassador to Thailand Kamphan Simmalavong said yesterday that Vientiane had instructed its local authorities to hold talks with their Thai counterparts in Uttaradit to settle the current border conflict involving the settlement of Laotians in Thai territory. He told reporters after a meeting with Agriculture Minister Narong Wongwan that a government-to-government dialogue over the matter should not be necessary.

He said he was confident that the two countries will be able to solve the conflict through talks if both sides upheld the joint communique issued in 1979 when former Premier Gen Kriangsak Chamanan visited Laos. About 1,800 Laotian villagers have resettled in three Thai villages of Ban Mai, Ban Sawang and Ban Klang in Ban Khok sub-district of Uttaradit Province.

PRK INDUSTRY MINISTER CONCLUDES VISIT 2 JUN

BK041140 Vientiane KPL in English 0909 GMT 4 Jun 84

[Text] Vientiane, June 4 (OANA-KPL) -- An industrial delegation of the People's Republic of Kampuchea led by its minister, Meas Samnang, on June 2, left here after concluding a visit of more than 1 week to Laos.

Before leaving here the officials of the two countries signed the minutes of the talks held between the two sides in which it was said that they had consulted one another on questions relating to the potential in expanding mutual aid and cooperations in industrial matter between the two countries in the future. Emphasis was laid on the supplying of the raw materials which will in turn be used in producing consumer goods.

Also discussed were matters of mutual cooperations in scientific and technical research. All of these are aimed at concretising the spirit of special friendship, solidarity and all-round cooperations between the two fraternal countries. Signing the minutes of the talks were, on the Lao side, Maisouk Saisompheng, minister of industry, handicrafts and forestry, and, the Kampuchean side, Meas Samnang.

#### NOUHAK PHOUMSAVAN RECEIVES DPRK ENVOY 4 JUN

BK050324 Vientiane Domestic Service in Lao 0000 GMT 5 Jun 84

[Text] On the morning of 4 June, Nouhak Phoumsavan, member of the LPRP Central Committee Political Bureau and first vice chairman of the Council of Ministers, received Kim Sangchun, DPRK ambassador extraordinary and plenipotentiary to Laos, at the reception room of the Council of Ministers in Vientiane. The conversation between the guest and host proceeded in a cordial atmosphere. They discussed many regional and international problems of mutual concern.

#### CONSTRUCTION OF STRATEGIC ROAD TO SRV COMPLETED

BK041010 Bangkok BANGKOK WORLD in English 4 Jun 84 p 3

[Text] The construction of a strategic road running from Dong Ha in northern Vietnam to the Laotian town of Savannakhet opposite Mukdahan Province has been completed, Mukdahan Provincial Police Superintendant Col Seri Temiwet said today. The newly-completed Route 9 Road would facilitate the delivery of supplies to Vietnamese and Laotian forces stationed along the Thai-Lao border, Col Seri said, adding that several divisions of Vietnamese and Laotian Armed Forces had already been deployed along the border. In the past, the delivery of supplies could be made only by plane, he said.

Col Seri said that the road construction would not be a matter of grave concern if Thailand maintained normal relations with Laos and Vietnam. However, if our relations with these two countries were severed, it would be easy for foreign forces to cross the Mekong River into Thailand during the dry season as Route 9 was just opposite Mukdahan town, Col Seri said. Late last year there were reports that Thai customs officials had collaborated with merchants in Mukdahan to send equipment, including tractors, to Laos for the construction of this strategic road. However, it was later discovered that the equipment sent was part of an international aid agreement.

#### PARTY INSTRUCTION ON POLITICAL EDUCATION

BK031345 Vientiane Domestic Service in Lao 0000 GMT 2 Jun 84

["Instruction" issued by the party Central Committee Secretariat and signed by Khamtai Siphandon to all ministries, ministerial-level state organizations, provinces, and municipalities throughout the country; dated 25 May]

[Text] In the new period of the revolution during which the socialist transformation and construction is being vigorously carried out, to meet the requirements of the revolution, it is necessary that we take urgent steps to train more technical and scientific cadres and specialized workers with good qualifications in various fields.

These cadres must not only excel in their specialized and vocational subjects, but must also be enthusiastic in socialism, faithful to the party's and people's revolutionary cause, and be determined to overcome all difficulties in fulfilling the tasks entrusted to them by the party and people.

In the past, all elementary- and intermediate-level specialized schools and colleges in our country offered courses in certain political theories. However, such courses appeared to be inadequate and failed to meet their objectives. We apparently lacked a unified curriculum on political theory for each course. In addition, inadequate attention was paid to training teachers for teaching political theory and the political and ideological cadres in those schools.

To raise the standard of the training program for technical and scientific cadres and specialized workers in our country at present, the party Central Committee Secretariat has outlined the following program:

1. The study of the party's line, policies, and ideology must be conducted as an official subject in the curriculum of the elementary- and intermediate-level specialized schools and colleges throughout the country. Final examinations in this subject are compulsory for all college students before they graduate from their study.
2. All ministries and ministerial-level state organizations must set up a special body to be in charge of administering the study of political theories in elementary- and intermediate-level specialized schools and colleges under their respective jurisdiction. A number of cadres must be assigned to assist each minister in carrying out and guiding this work. Each school must set up a committee to be in charge of supervising this subject, including organizing teaching procedures and guidance. The Secretariat has designated the party Central Committee's Organization Committee to assist all the ministries in organizing this program. By late June 1984, all ministries and ministerial-level state organization must complete the organizing of responsible bodies for executing this work.
3. The party Central Committee's Propaganda and Training Board and the Ministry of Education must assist the party Central Committee Secretariat in compiling the curriculum and preparing study documents for all elementary- and intermediate-level specialized schools and colleges and in following up and guiding the training of teachers and cadres for administering the subject on political theory. The construction of the curriculum, the compilation of documents, and the training of teachers and cadres must be completed by the end of 1984 so that all schools will be able to implement this unified curriculum by 1985. The party Central Committee Secretariat has assigned the party Central Committee's Propaganda and Training Board to be in charge of compiling the curriculum.
4. The party Central Committee's Organization Committee and Propaganda and Training Board, the Ministry of Education, and other ministries concerned must hold a meeting to study the implementation of this instruction in Article 2 of 1984 [as heard]. The outcome of the implementation of this instruction must be assessed by the party Central Committee's Propaganda and Training Board for reporting to the party Central Committee Secretariat.

Vientiane, 25 May 1984

[Signed] Khamtai Siphandon, on behalf of the party Central Committee Secretariat.



ATHIT REQUESTS BURMESE COOPERATION ALONG BORDER

BK051038 Bangkok Domestic Service in Thai 0530 GMT 5 Jun 84

[Text] General Athit Kamlang-ek, supreme commander and Army commander, has asked the Burmese Government to cooperate with Thailand in preventing losses to the Thai people living along their countries' border. Gen Athit made the request during his meeting with Colonel (Tin Aye), the newly appointed Burmese assistant military attache who paid a courtesy call on him at the capital Security Command this morning.

Noting that Thailand and Burma have maintained relations from time immemorial, the supreme commander told the Burmese official that the Thai Government has not taken seriously the border incursions that occurred during the recent fighting between Burmese Government troops and minority groups near the Thai border because the Burmese side has apologized for the incidents. He pointed out that Thailand and Burma have used rivers as demarcation lines and asked the Burmese side to contain its suppression activities within Burmese territory and prevent artillery shells from landing in Thailand. The Burmese assistant military attache has agreed to convey the appeal to his government.

EDITORIAL URGES STUDY OF LATEST SRV 'OVERTURE'

BK060147 Bangkok THE NATION REVIEW in English 6 Jun 84 p 4

[Editorial: "Vietnam's Overture, Though Nebulous, Needs Some Study"]

[Text] A penetrating and impartial analysis of what is happening in Vietnam and Kampuchea by UN officials and diplomats who had spent some time in Phnom Penh and Hanoi revealed last week that Hanoi was going to make some sort of a peace overture. The initial one, which has already been made, we had said will be acceptable to no one. However, in principle, no overture should be ignored but must be studied carefully to find if one or two points are acceptable. But the overture itself is so nebulous that only one point emerges clear -- that ASEAN and Vietnam should hold talks in Australia or India.

There is nothing wrong with this except that Vietnam has sought to avoid the UN machinery -- the International Conference on Kampuchea (ICK) -- which is already in place with Austrian and Belgian foreign ministers as chairman and deputy chairman. But, obviously, Vietnam wants nothing like a peace conference but only a dialogue with ASEAN and we find no flaw in the proposal. The only point is that ASEAN, if it had to choose, will prefer to hold the conference in Australia than in India, mainly because India recognizes the Heng Samrin regime while Australia is totally neutral.

ASEAN will naturally be prepared to explore any step towards peace in Kampuchea but we fail to see how this dialogue can bring about the result. The participants in the internecine Kampuchean conflict are Vietnam, backed materially by the Soviet Union, and the Khmer resistance forces of Democratic Kampuchea, materially backed by China. ASEAN role has been only to use diplomacy to bring about the withdrawal of "foreign forces" from Kampuchea and to obtain a political solution which means self-determination for the Kampuchean people.

The problem with such a dialogue will be that ASEAN can only talk of the principles enunciated in the UN and cannot speak for China or the Democratic Republic of Kampuchea. Vietnam, on the other hand, can speak for the Heng Samrin regime and, in its surrogate role, for the Soviet Union also. Once this difference is understood clearly on all sides, it may be worthwhile to have a dialogue because it may lead up to a peace conference with all the conflicting parties involved.

Indonesia Foreign Minister Mokhtar Kusumaatmaja said in Tokyo that Hanoi may be thinking that if the Kampuchean conflict goes on and on the world may lose interest. This may be right but China certainly has invested too much to forget it and, as has been pointed out, time is now working against Vietnam. Australian Foreign Minister Bill Hayden has said that the Khmer resistance forces are stronger because they are able to make deep penetration strikes, but that is only partly correct. The guerrillas are able to do so only because the Kampuchean people, at great risk, are beginning to support the KPNLF and Funcinpec.

Possibly Vietnam is only flying a kite, but whatever that may be, ASEAN members will have to consult among themselves before they can come with any new line in their diplomatic efforts.

#### AIR FORCE CHIEF TO INSPECT PRC DEFENSE CAPABILITY

BK060522 Bangkok BANGKOK POST in English 6 Jun 84 p 3

[Text] Air Force Commander-in-Chief ACM [Air Chief Marshal] Praphan Thupatemi will lead a delegation to China from June 19 to 26, at the invitation of his Chinese counterpart. The delegation will also include Air Force Chief-of-Staff ACM Somphon Burutrattanaphan and his deputy, Air Marshal Nawi Maharakkhaka. The team will exchange views with Chinese Air Force officers and inspect Chinese air defence capability.

#### U.S.-THAI LOGISTICS EXERCISE SLATED FOR JULY

BK060734 Bangkok Domestic Service in English 0000 GMT 5 Jun 84

[Text] Thai and U.S. troops will stage a joint logistics exercise near the Thai-Kampuchean frontier in the middle of next month. Chief of Staff of the 2d Army Region Maj Gen Manun Phonwiang said that the Thai-U.S. exercise, codenamed ("Dologic II"), will be staged in the areas under the jurisdiction of the 2d Army Region from Ubon Ratchathani, Sisaket, Prachin Buri Provinces.

Major Gen Manun pointed out that the joint exercise would be put toward coordination between Thai and U.S. troops if and when they rush logistic supplies to Thai troops in a crises. He said that the opening of ceremony of the joint exercise will be held on 18 June at the Suranari Field Force in Nakhon Ratchasima Province. Maj Gen Manun added that the joint exercise will be later extended to other border areas in the northeast.

#### MINISTER SAYS RESIGNATION DEPENDS ON PREM

BK060456 Bangkok BANGKOK POST in English 6 Jun 84 p 1

[Excerpt] Industry Minister Op Wasurat yesterday clarified his resignation announcement, saying whether or not he quits the Cabinet depended on Prime Minister Prem Tinsulanon. But Mr Op said he would definitely resign from the National Democracy Party [NDP] when its leader, Gen Kriangsak Chamanan, returned from Europe on June 15.

After his resignation from the NDP, Mr Op said, he would then consult with Gen Prem on whether he should step down from his ministerial post. "If I remain in the Cabinet after resigning (from the NDP), I will be without the backing of the (NDP) MP's, he said.

The minister told the BANGKOK POST of his decision to resign on Monday night, citing continuous pressure from eight MP's in his own party as the reason. He claimed that the MP's wanted to exploit his post for financial and political gains.

NHAN DAN CONDEMNS PRC BORDER WAR ESCALATION

BK041251 Hanoi Domestic Service in Vietnamese 2300 GMT 3 Jun 84

[NHAN DAN 4 June editorial: "Duly Counter All of the Beijing Reactionaries' Acts of War Escalation"]

[Text] For 2 months now, the Chinese authorities have taken new and very serious steps in the escalation of war, launching an artillery bombardment campaign and ground attacks of the largest scale along Vietnam's northern border areas since the failure of their war of aggression against Vietnam in February 1979. This war escalation is a premeditated and preplanned move which clearly exposes the evil aggressive intention of the Beijing expansionists-hegemonists. The situation along the Sino-Vietnamese border is becoming extremely tense and faces the danger of even greater eruption. If Beijing has ceaselessly dished out slanders and distortions, it is precisely because it wants to cover up its scheme of escalating the war against the Vietnamese people.

Our Armed Forces and people in the border provinces have fought courageously, resolutely punishing the Beijing reactionaries' criminal actions and defending every inch of the fatherland's sacred territory. World opinion has vehemently condemned the unjust acts of the Chinese expansionists-hegemonists against our people. At present, China is still conducting daily artillery shellings of Vietnamese territory, continuing to send more air and ground forces to reinforce the Kunming and Guangzhou military regions, and transporting more military supplies to the border to feverishly prepare for fresh acts of war.

This war escalation by the Beijing authorities is a continuation and intensification of China's unrelenting armed provocations along the Sino-Vietnamese border over the past 5 years. It is part and parcel of China's scheme to force Vietnam to cope constantly with a multifaceted war of sabotage, to nibble at Vietnamese territory piece by piece, to change the historical border line between the two countries, and eventually to annex Vietnam. The Beijing reactionaries are also using these new steps of war escalation to promote Sino-U.S. collusion against Vietnam and the revolution of the three Indochinese countries. Facts since 1972, when former U.S. President Nixon visited China, have proven that Beijing and Washington have always consulted each other in their sinister moves. Deng Xiaoping went to the United States to meet President Carter and discuss the plan of aggression against Vietnam in February 1979. This time, at the very moment when Beijing was giving a red carpet welcome to the imperialist ringleader Reagan, Chinese troops unleashed more shells on Vietnam, killing elderly persons, women, and children, and occupied several hills of Vietnam's Ha Tuyen Province.

For 5 years now, the Chinese authorities have stubbornly rejected Vietnam's constructive, fair, and reasonable proposals for the cessation of armed conflicts along the common border, for the resumption of talks between the two countries, as well as for the signing of a bilateral treaty of peaceful coexistence and nonaggression between China and Vietnam and the other Indochinese countries. Even as they were professing China's sincere desire to improve relations with Vietnam, their hands committed crimes against the Vietnamese people. While Vietnam considers as its highest interest peace and friendship with neighboring countries, including China, the Beijing reactionaries have provoked tension and confrontation, maintaining a state of war at the common border.



Even when Chinese authorities sent 600,000 troops to invade Vietnam, they had the nerve to claim that they were counterattacking in self-defense. At present, when they are taking new and serious steps in escalating war against Vietnam, they also say that these are counterblows dealt in self-defense. Reality has proven that Beijing's rhetoric about its so-called goodwill and desire for improving relations with Vietnam are sheer deception.

All China's moves over the past 5 years have proven that the strategy and tactics of the Beijing expansionists-hegemonists toward Vietnam have not changed a bit and instead have become even more hostile. The responsibility totally rests with the Chinese side for the present worsening of Sino-Vietnamese relations.

Our unswerving stand is that we always sincerely wish to settle through peaceful negotiations the problems between Vietnam and China and advance toward normalization of bilateral relations on the basis of respect for each other's independence and sovereignty in the interests of the Vietnamese people and other peoples in the region, including the Chinese people themselves. However, as long as the Chinese reactionary authorities continue their hostile policy toward our country, our people, with their ironlike determination to simultaneously build and defend the fatherland, will resolutely counterattack and defeat all acts of sabotage and aggression by China.

#### Border Provocations Viewed

BK011525 Hanoi Domestic Service in Vietnamese 1400 GMT 31 May 84

[Feature: "Heighten Vigilance for National Defense" by Vu Dinh Vinh station editor]

[Text] For 2 months now, along the Sino-Vietnamese border, the reactionary Beijing powerholders have been carrying out a series of grave military activities, including the shelling of and nibbling attacks on our country's territory, thus causing a very tense and dangerous situation, posing a threat to our country's security and peace, and sabotaging peace and security in the region.

Never since February 1979 has the Chinese side concentrated a large artillery and infantry force to frantically carry out acts of war as it is doing now. These activities have been carried out on a long-term basis and on a relatively large scale. The enemy's war maneuvers, which are very brazen, have been coordinated with its efforts to step up its sabotage activities against Vietnam in other fields.

All of our country's six northern border provinces have, in these days, become a hot frontline in the struggle against Chinese aggression. Fighting has been very fierce in many areas. During a period of nearly 60 days, the Chinese reactionaries ordered their troops to fire hundreds of thousands of heavy artillery rounds, H-12 rockets, and mortar shells of all sorts into our country's territory. Chinese military activities were reported to have included their barbarous and brutal artillery shellings, which were directed at our civilians and our socioeconomic installations with the purpose of bleeding Vietnam, and many frantic nibbling attacks on a number of our hills as part of their efforts to bite away part of Vietnamese territory and to consolidate their springboard before planning a further escalation of the war. In Ha Tuyen Province alone, over 60,000 heavy artillery rounds were fired into it by the Chinese troops. Over 40,000 artillery rounds were recorded in Lang Son Province and over 10,000 in Quang Ninh. Incomplete statistics show that the enemy also fired over 10,000 artillery and mortar rounds of all calibres into Cao Bang Province.

Meanwhile, on 26 May, the Chinese reactionaries brazenly exposed their own evil designs. They brought before the Chinese people's congress for approval what they called a motion to establish the Hainan administrative region, by which they brazenly and insolently called for the inclusion of Vietnam's Paracel and Spratly Archipelagos into the China's Hainan Administrative Region. With this motion, they are attempting to invade our country's Spratly Archipelago at a time when they are committing many very serious acts of war along the land border.

Dealing with this problem, Prasong Sunsiri, the head of the Thai National Security Council, said that the situation at the Sino-Vietnamese border is now more tense than it has ever been since the 1979 war. He also affirmed that this month, China has deployed 40,000 troops along the border with Vietnam and that for the first time since the outbreak of the war, China has moved its fighter-bombers and other planes to the border area.

UPI on 25 May also quoted Beijing-based Western diplomats as saying that China recently massed their ground support airplanes near the border and that now there are between 30,000 and 40,000 Chinese troops in China's southern provinces.

In spite of this, the Chinese reactionaries are attempting to reject the truth and to make black white. They have raised a hue and cry about Vietnam staging provocative invasion attacks against China. Such a slanderous allegation can deceive no one. Instead, it only exposes the treacherous face of the Beijing expansionists.

World public opinion is indignantly condemning the Chinese reactionaries for their steps of serious war escalation, their crimes of attacking civilians, and their arrogant challenge to our people. It is pointing to and naming the Chinese expansionists-hegemonists as the aggressors, war mongers, and criminals.

On 28 May, foreign newsmen went to Ha Giang town to witness on the spot the undeniable crimes and unrefutable facts of what the Beijing reactionaries have caused and are causing along the northern border our country. However, the Chinese expansionists-hegemonists are still striving to deny their crimes.

In a statement on 26 May by the Beijing Foreign Ministry, they still stubbornly and absurdly said that they would never be the first to launch an offensive and that this is their unswerving stand. They further implied a threat, saying that the situation would be eased if Vietnamese provocation and aggression could be checked and that, if this were not the case China would certainly counterattack.

What does it mean? This means what they are continuing their acts of war against Vietnam just as they have done over the past few months under the pretext of counter-blows while slandering Vietnam in order to achieve their dark designs and to continually and arrogantly challenge our people. It should be added that, with a tone reeking of big-Han hegemonism, China's UN ambassador openly said that there could be a chance for talks with Vietnam in 10 or 20 more years. He then voiced the threat to use military force against our country.

Just as the May 1984 issue of AFRO-ASIA magazine pointed out: Beijing has lectured countries to settle their differences: through friendly consultation, but it has adamantly refused to discuss its differences with Vietnam and has insisted on using military force when mentioning talks with Vietnam.

It can be said that what Beijing is doing against Vietnam is also an arrogant challenge to world public opinion which is resolutely condemning and demanding the Beijing authorities put an immediate end to their acts of war along Vietnam's border.

Proceeding from their policy of expansionism-hegemonism, the Chinese reactionaries have always threatened to use military force to teach lessons to others. By doing so, they have only unmasked themselves and have further corroborated the deceitfulness and perfidy of the Beijing rulers, which was recently evidenced by Zhao Ziyang's 15 May statements on China's foreign policy. The Chinese reactionaries have always claimed that they are the protectors of world peace and independence of nations and that they certainly have no hegemonist scheme. In the past few days, they have once again vowed that the main objective of China's foreign policy is to protect world peace and oppose the arms race, that China maintains solidarity and cooperation with the Third World countries and supports these countries' struggle to defend national independence, and that China develops its relationship with countries on the basis of the five principles of peaceful coexistence, especially treasuring friendship with neighboring countries and being ready to resume talks to improve Sino-Vietnamese relations, and so forth.

What is the truth? On exactly the same day that Zhao Ziyang made the above empty statements, regiments of Chinese troops hurriedly attacked and occupied Hill No 1030 in Vi Xuyen District, Ha Tuyen Province. Seven days later, they used long-range guns to barbarously shell the center of populous Ha Giang town, some 20 km into Vietnamese territory. These facts alone are enough to unmask and lay bare the dangerous, reactionary nature of Chinese expansionism-hegemonism. Looking at other facts, we can see even more comprehensively that the Chinese rulers' foreign policy is in fact collusion with the U.S. imperialists to oppose peace, national independence, and socialism.

Beijing is shaking hands with U.S. imperialism and sharing Reagan's viewpoint in accusing the Soviet Union of being a threat to peace and stability in the Pacific area, Southeast Asia, and the world over. During his Beijing visit, Reagan flatly said that some strategic interests have rallied the United States to China against the Soviet Union, whereas Deng Xiaoping reasserted that China has never opposed U.S. military buildup at both ends of Europe and Asia and that the Chinese side is supporting and positively participating in the counterrevolutionary U.S. global strategy against peace and national independence and is approving the U.S. arms race. China itself is also plunging headlong into the race of nuclear and conventional arms by imploring the U.S. imperialists to exchange high-ranking military delegations with China in order to purchase arms. On 22 May, the Chinese authorities announced their new military obligation law which Yang Dezhi read at the National People's Congress.

According to AFP, Beijing advocates the policy of specializing the Armed Forces, following the method being applied in Western countries. While repeating odious slanders against the Soviet Union and Vietnam, China has never condemned the Reagan administration's criminal acts in Central America and the Middle East or in Africa.

The May 1984 issue of AFRO-ASIA magazine also rightly observed: To the Third World, China not only has shaken hands with the international reactionaries over the Indochinese issue, but it is also ready to establish a global alliance with the United States to oppose progressives in the Third World under the label of opposing Soviet expansionism.

In fact, ex-U.S. President Carter said that China is ready to take advantage of the label of revolution in the interest of the United States. It is crystal clear that in colluding with the U.S. imperialists, the Beijing reactionaries have become the dangerous enemy of peace, national independence, and socialism.

With their bloody experience, our Vietnamese people fully understand that danger. Together with peace-loving people, they are very vigilant against the reactionary policy of the Beijing expansionists-hegemonists.



QUAN DOI NHAN DAN CONDEMNS CHINESE AGGRESSION

BK051051 Hanoi Domestic Service in Vietnamese 2330 GMT 5 Jun 84

[QUAN DOI NHAN DAN 5 June commentary: "Resolutely Deal a Counterblow Against All Activities of Invasion and Sabotage of the Expansionist Troops"]

[Text] To undermine our nation's revolution, create persistent instability, and weaken our country in order to rule our people constitute the long-term strategy of the reactionary, expansionist groups in the Beijing leadership. To achieve this aim, over the past 5 years the Chinese reactionaries have resorted to every wicked and brutal act to undermine our people's socialist construction cause. Along with carrying out sabotage activities in the psychological, economic, cultural, and social domains, the Chinese authorities, since early April, have conducted a series of attacks, encroachments, and sabotage operations to undermine us along our northern border, using artillery and infantry forces. Tens of thousands of big artillery and mortar shells of the expansionists army have been fired on our six northern border provinces. More seriously, many Chinese regular Army units have opened fire on, attacked, and occupied many areas along the border inside our territory.

These acts of aggression by the Chinese expansionists have grossly violated Vietnamese territorial integrity, thereby creating the most tense situation at the Sino-Vietnamese border since their aggression against our country in February 1979.

Faced with these brutal acts of the Chinese expansionists, our Army and people in the six northern border provinces are vehemently indignant at the aggressive troops and have firmly closed their ranks to fight against and deal a blow to the enemy. The development of the people's combat position to defend the socialist fatherland has been consistently carried out and firmly consolidated. The local Army as well as militia and self-defense forces have fought bravely, creatively, and effectively thereby destroying the important, vital force and weapons of the enemy to firmly defend the fatherland's border.

In combat, various echelons of party organizations and administrations and the soldiers and people of the six border provinces have shown their firmness. Each locality, while promptly counterattacking the aggressors, has quickly stabilized the people's daily life and production in conjunction with the new situation. Over the past days, people throughout the country have sent their hearts to the heroes at the northern border. They have positively contributed to aid those at the front line. The kind hearts from the rear have created additional strength for the soldiers and people at the border provinces to defeat the enemy troops.

The recent Chinese military operation aimed at occupying land and undermining the daily life of the Vietnamese people at the six northern border provinces is the cruel design of the Beijing expansionists-hegemonists who are frantically carrying out military operations and psychological warfare to weaken and annex Vietnam.

These dangerous acts of sabotage by Beijing will continue on a long-term basis, but our people, especially the Army and people of the six northern border provinces, must consistently enhance their vigilance and develop the combined strength of the people's combat position in order to fight triumphantly and foil all the enemy's schemes of invasion and sabotage under all circumstances.



Various local armed forces and the militia and self-defense forces must promptly draw upon combat experience, improve their ability to fight the enemy, and perfect their combat methods in order to score greater victories. In combat areas and regions, they must use their experience to satisfactorily ensure better results in technical supply work, improve the combat position in fighting the enemy, and effectively coordinate combat operations among forces.

Direct support by the rear and the attention of people throughout the country play a great role in encouraging and highly developing the fighting spirit and impetus of the forces at the front line. Through the development of the rear services, various party organizations, administrations, and mass organizations must satisfactorily carry out their supply work in order to encourage and increase the strength of the combat forces at the front line to fight and win.

Facing the stubborn nature and dangerous schemes of the Chinese leadership, our people's struggle to defend our border area, part and parcel of the struggle against the multi-faceted sabotage strategy of the Chinese reactionaries, must continue on a long-term basis.

Developing their achievements, promptly drawing experience from recent combat, strengthening the people's combat position, and developing militant solidarity between soldiers and people and between the rear and the front line, our Armed Forces and people at the six northern border provinces are resolutely foiling all acts of aggression, sabotage, and invasion of our border areas by the Chinese expansionists.

#### SOVIET MINERAL FERTILIZERS MINISTER ENDS VISIT

OWO50831 Hanoi VNA in English 0746 GMT 5 Jun 84

[Text] Hanoi VNA June 5 — A delegation of the Soviet Ministry of Mineral Fertilizers led by Minister A.G. Petrishchev, alternate member of the C.P.S.U. Central Committee, left Vietnam yesterday concluding a week-long friendship visit. While here, it attended the inaugural ceremony of the second expansion of the Lam Thao superphosphate fertilizer plant in Vinh Phu Province (north of Hanoi) on May 30.

The Soviet guests were cordially received on May 31 by Do Muoi, Political Bureau member of the party Central Committee and vice-chairman of the Council of Ministers. Do Muoi thanked the Soviet party and government, the Ministry of Mineral Fertilizers in particular, for their devoted assistance to Vietnam's young fertilizer industry. In reply, A.G. Petrishchev expressed his satisfaction at his Vietnam visit which, he said, portended new and promising steps of development of the cooperation between the fertilizer industries of the two countries.

The Soviet delegation toured Hanoi, Ho Chi Minh City and some other localities in Vietnam.

#### VAN TIEN DUNG CONCLUDES OFFICIAL VISIT TO HUNGARY

For VNA and Budapest reportage of the Vietnamese military delegation led by General Van Tien Dung, minister of national defense, during its official visit to Hungary, see the Hungary section of the 4 June Eastern Europe Daily Report and subsequent issues.

AUSTRALIAHAYDEN COMMENTS ON KAMPUCHEA AT NEWS CONFERENCE

BK051430 Melbourne Overseas Service in English 1110 GMT 5 Jun 84

[From the "Australian Insight" program moderated by (Sue McAlister)]

[Text] The minister for foreign affairs, Mr. Bill Hayden, has just returned to Australia after a 25-day overseas tour which took him to several Eastern and Western European capitals and Thailand. It was talks which he had with the foreign ministers of the Soviet Union and Thailand in Moscow and Bangkok which was focused on by reporters at a news conference Mr Hayden held in Sydney. During his stay in Thailand, the foreign minister visited the Thai-Kampuchean border, where he announced that Australia would give a further \$1 million to refugees in camps near the border, bringing Australia's total contribution to refugees in the Kampuchean conflict to \$30 million.

At his Sydney news conference, Foreign Minister Hayden said Australia had made some slight progress in helping to find a solution to that conflict.

[Begin recording] [Hayden] In Bangkok, I had talks with Air Marshal Sitthi -- foreign minister for the Thai Government. Among other things, he said that because of some movement which is detectable, albeit quite modest movement, the valuable role which I have been playing is one that we should persist with. Of course, we will. I think it is important for Australians to understand that when we are receiving that sort of message -- it has taken a while for us to get to the point where there is some detectable, albeit very slight, movement -- it may be possible for that to be built upon in the months ahead. It is going to take time. In this area of foreign relations where there are many major power interests involved -- complex, that is -- it takes time to get anywhere, but persistence is the important thing. Our credibility and good standing have been a great help there.

[Unidentified questioner] What is the Soviet perception of the problems of Kampuchea?

[Hayden] The Soviet view is that, first, Australia's role is a welcomed and a tactical one. That is the view that's been echoed now by all of principal parties concerned about this matter. Secondly, they say that a resolution of the matter is something to be determined by the people of Kampuchea but by outside governments like the Soviet Union. [sentence as heard]. So, they put it very much back into the court of a regional matter.

[Unidentified questioner] Did you take any messages from the Soviet Union to Kampuchea?

[Hayden] No, I spoke with Air Marshal Sitthi in Bangkok. I gave him an account of what had taken place, and we had a general discussion about the state of play in respect of Indochina. And I don't want to lift people's hopes because it would be quite wrong, and it might suddenly freeze up again. But very slowly there is some movement showing up, and I believe that the independent role (?which) the Labor Party took as a government has made an important contribution allowing that sort of development to take place. I know it is very small; it is very early. Taking it further, it is very important in these difficult conditions that we don't lift hopes too much and that we stress a moderate -- a modest -- nature of what we're about. But we will persist. [end recording]

MARCOS, CABINET HOLD PRESS CONFERENCE 2 JUN

OW032210 Quezon City RPN Television Network in English 1000 GMT 2 Jun 84

[Philippine President Marcos' 2 June televised press conference at Malacanang moderated by Julie Yap Daza -- live, broadcast in progress]

[Excerpts] [Daza] ...With the Philippine and foreign media. I'm Julie Daza, your moderator. Good evening, Mr President. Tonight's press conference will be slightly different from the one held here 1 week ago in the same hall, because this time the president will have a back-up team. His Cabinet ministers, headed by Prime Minister Cesar Virata, will be helping him out with some of the questions, which means some of the answers. One suspects that the president wants to see his Cabinet ministers working also on a nice leisurely Saturday evening, long after they have tendered their resignation.

[Marcos] I guess everybody does. [laughter]

[Daza] But before we turn over the floor to the press, let's hear a few words from the president. Mr President.

[Marcos] Well, thank you very much, Julie. We hold anew tonight this dialogue on national issues in order to acquaint the public, our people, with various actions being taken by the government and with certain developments relating to our problem of economic recovery and internal stability. Now, many developments have taken place since we last held this forum -- let's see when was it -- May.

[Daza, prompting] Twenty-sixth.

[Marcos] About May 20th anyway. And it is meet that our people are fully appraised and enlightened on them. It is also important that we all see and understand clearly what is taking place and where we are headed. This is the responsibility primarily, of course, of what the English would call the government, or what we call the administration.

During the past weeks there have been all kinds of speculations and rumors that have cropped up in our midst, rumors about government, about actions and policies that are supposed to be imminent, especially on currency value and the increase in prices, supposed reverses in the national recovery program. Most of these, of course, may be unfounded. But these have created nonetheless a disturbing, agitated climate of anxiety, confusion in the country.

In these critical times in our nation's history when we are devoting all our energies to the program for economic recovery and internal stability, and when serious tasks confront government and society, such a fear of speculation does nothing to help us hurdle the obstacles; indeed, it is an additional burden for the nation to carry because of the confusion and panic that may ensue.

In a situation such as this, only facts, bare facts fully disclosed and discussed openly, can dispel the climate of uncertainty and confusion. It is in this spirit that we propose to bring into dialogue tonight the government and our people, the developments of recent weeks and the public's perceptions of them, the truth of our national situation today and the uncertainties and fears of some sectors of our society. And it is in this spirit that we have brought to this dialogue a broad representation of the high officials of government, particularly those who are today involved in key activities related to the national recovery and stability program. Thus, we have here with us tonight the prime minister, Prime Minister Cesar Virata; the Central Bank governor, Governor Jose Fernandez; and other ministers of government. In fact, I think for once the Cabinet is in attendance in full. I don't know whether they thought we were going to discuss the appointment of members in the Cabinet tonight, but I have no intention to do so. [laughter]

Our common concern here is to acquaint our people with recent developments in our recovery efforts, and our responses to the problems that confront us today. Our purpose is to dissipate this anxiety, this cloud of anxiety that has arisen from mere rumor and speculation. We hope that by discussion we can bring to public light the real facts of our national situation today. We hope that by discussion, too, we in government will receive the benefit of the insights and suggestions of those in the private sector.

The achievement of economic recovery and national stability is by no means an easy task, but precisely because it is a formidable agenda, we should not allow self-created obstacles to stand in our way, or imaginary burdens to add to those we bear now. We can report to the nation tonight that with 5 months of the year already past, much encouraging progress has been made in the economic recovery and stability program. National economic performance for the first quarter of 1984, as already reported by the national economic development authority director general, has shown improvement in the position of various sectors of the economy, resulting in about a 24-percent increase in our exports of the first quarter. New resources to finance our dollar requirements have been harnessed during this period, when we are still in the process of finalizing a new agreement with the International Monetary Fund.

[Marcos] Now, in the political sector, we have just concluded successfully a parliamentary election, which has immeasurably strengthened the stability of the entire nation and international confidence in our country. To cite these is not to claim that we have hurdled fully the economic crisis or solved our problems. No, the nation still faces formidable problems, and we should not in any manner try and diminish the dimensions of such problems; but we do indeed believe that the solutions of the problems and their discussion should be based on actual facts, and this is what we are going to reveal today.

Our negotiations with the International Monetary Fund still must hurdle a few remaining difficulties. The economic situation has fueled a spiral in prices, and new wage hike negotiations are going on. In addition, we are confronted with an aggressive campaign of terror, intimidation by insurgent elements in our society, and unfortunately, the legitimate opposition seems to have refused to condole with those who died in protecting the country, but have shown a queer and unusual silence, notwithstanding my invitation, that they now come and join us in the fight against insurgency.

Now, these are difficulties, however, that will yield, I hope, to the resolute efforts we are undertaking. Beginning today, also, we hope to be able to reveal whatever facts there are necessary on both these two problems of internal stability and the economic recovery program. Certainly, they are not problems that are to dim confidence about our near- and long-term prospects for the future. Our system has time and again proven strong and resilient before the vicissitudes of crises and emergencies for us to doubt now that we'll prevail in this struggle for economic recovery and stability. It has especially proven effective in reconciling our national life, in the political, economic, and social spheres. The claims of the individual and the claims of the community have been organized.

Since we launched the program of reform in 1972, we have been well guided by that timeless counsel of Heraclitus, the Greek philosopher 2,500 years ago: Where is government to balance -- and I quote him -- that degree of individual liberty without which law becomes tyranny, with that degree of law without which liberty becomes anarchy.

It will be seen, as we look at the record, that our policies and programs in the various areas of national life have in every way been a reflective search for a balance. This is so in the economy where we have opted for a certain degree of regulation of the profits of free enterprise, while regarding the private sector as our key agent of development and encouraging private initiative, allowing profits.



If this is so in our social life, where we have aggressively worked for agrarian reform and social justice, and this is so in the political sphere, where we have matched the supreme need for a strong or effective government with measures to protect civil liberties and rights. [sentence as heard] In our present situation, the same clear-sighted view of how we must act and intervene, or step aside and allow for fullest play of free forces, is required for success.

Realism and supreme dedication for the tasks at hand is the way for us to recovery and stability. They are the assurance that the same, when fully won, will endure, and this is the kind of leadership and management which our government has sought to provide during these months of crises and trial in our country.

Now, let us open the table for questions.

[Daza] Thank you, Mr President. Mr (Tanyado) of the TIME JOURNAL and president of the Malacanang press corps, will begin with the first question.

[(Tanyado)] Good evening, Mr President.

[Marcos] Good evening, Vic.

[(Tanyado)] I would like to start, if you don't mind, with a question which is blunt and rather controversial. Mr President, is it true, as the political opposition contends, that the first lady is running the government?

[Marcos, laughing] Oh, my. Well, no, of course not. See, if I may be immodest, she is a Galatea to my Pygmalion, as Shakespeare would put it. She did not know any politics when she married me, poor girl, and I remember she used to have headaches whenever there were more than two visitors at the house. And we had to attend to our constituency. So she acquired a little more patience, a little more insight into the problems of the lower classes of our people, and especially to the frugal, hard-working or industrious Ilocanos of the north, which then constituted my constituency, second district of Ilocos Norte. As she learned, she deliberately went out of her way to ask questions for me about politics and the life of a politician. That's how she came to acquire this closeness to our people. No, she is not running government; I am running government. And perhaps with her permission, I may now say that most, if not all, of her principal initiatives and decisions have always been cleared with me.

[(Tanyado)] Another question, if you please. In the scheme of government, she should play some kind of role. Does this mean that her views or suggestions count in decision-making somehow?

[Marcos] Well, yes, as a member of the Cabinet. You know that whenever there is a caucus, she is asked on matters like the Kilusang Kabuhayan at Kaunlaran and the Sariling-Sikap program, the technology-transfer-to-the-common-people program plus the questions that may involve her participation: people's forest, socialized forestry, etcetera, etcetera. She's often asked by the Cabinet and the caucus to explain certain matters, priorities; what has been done, let's say, on socialized housing; how well-spread is the (pagebic) program; how about the dendro-thermal program; things like that.

[(Tanyado)] Another question sir. Since the first lady has refused to run in the last parliamentary elections, can we assume that her appointment as a member of the Batasan is out of the question?

[Marcos] Yes, as of now, I don't believe she is ready to accept an appointment with the Batasan.

[(Tanyado)] She has also resigned her positions as... [Marcos interrupts]

[Marcos] All her positions.

[(Tanyado)] All her positions. Now, what role do you contemplate for her in the future or immediate future?

[Marcos] You know, frankly, I have not asked the caucus about this because I thought that it should be the subject of an intrafamilial affair where we call upon all the members of the Cabinet to put in their 10-cents' worth as to what she should do.

[(Tanyado)] Thank you.

[Daza] I was wondering, Mr President, why Mrs Marcos is not here with the Cabinet?

[Marcos] I beg your pardon.

[Daza] Why Mrs Marcos is not here with us tonight?

[Marcos] Is she here?

[Daza] Why isn't she here with us tonight?

[Marcos] Why isn't she here?

[Daza] Yes.

[Marcos] Well, she thinks that probably since she has resigned, the lower her figure, the better.

[Daza] Thank you, Mr President.

[Marcos] She has not come out too often. She has been going out, talking to some of our friends. But beyond that, she has not made any public appearance. I think once she opened up a store or something for the lower class.

[Daza] Thank you, sir. Mr Jonathan (Broder) of the CHICAGO TRIBUNE is next.

[(Broder)] Good evening, Mr President.

[Marcos] Good evening.

[(Broder)] Mr President, you've received high marks both domestically and internationally for your alternative energy program and your rice-production program. However, these successes account for only a portion of your country's foreign debt. Other countries, like South Korea, also have large foreign debt, but in the case of South Korea, they have built a large industrial base that will eventually give them the means to pay back its debt. My question, Mr President, is: What have you got to show for your \$26 billion foreign debt?

[Marcos] Oh, the 26.5 billion. I can work it out from memory, but perhaps now is the time for an accurate presentation of these expenditures. Who has it, the prime minister or (Bobby)? We've got it here. Will you point out exactly the figure, what the figures are, Mr Prime Minister? Because the prime minister, of course, as the fiscal authority, should be the most direct source of figures. Please go ahead.

[Virata] Well, thank you, Mr President. In reply to the question, we just would like to present to you the breakdown of the debt outstanding in the Philippines. As far as the nonmonetary debt is concerned, it is divided between the private sector, 31 percent, and actually the government had also borrowed for relending to the private sector in the amount of about \$1 billion, and the rest, that is, 10 billion plus, went to the public sector. [sentence as heard]

Now, in the case of the private sector indebtedness, these had been used largely for industry, for mining, agriculture, communications, and the like. Now, with reference to your question as to what would be the difference between the Philippine situation and that of Korea, I think we should refer back to how we started our industrialization, which was relatively earlier than that of Korea, and unfortunately, we followed a pattern similar to that of Latin American nations at that time, which was industrialization serving the domestic market. It was an import-substitution type industry. And, on the other hand, when Korea started her industrialization right after the Korean war, they went for the export-orientated industries. And they have been very successful in that.

[Lopez of ASIaweek] If you don't mind, sir, I'll address this question to Your Excellency and to the prime minister.

[Marcos] By all means, by all means.

[Lopez] It sounds almost academic now, Mr President and Prime Minister Virata, but how was it possible that the country's reserves could be overstated by about \$600 million, do damage to the country, and without the president being informed properly and promptly that such an overstatement had taken place? And how come after we had made an accounting of such an overstatement, we still don't have the much-promised IMF bail-out loan? Thank you.

[Marcos] Well, I guess the prime minister would be in a better position to answer this, but let me say that this was discovered by our own auditors and by our own people, not discovered by the IMF as stated in some of the media, and that we immediately conducted an investigation to determine exactly what had happened. Now probably the prime minister can take over.

[Virata] Well, this is really an unfortunate report which was given to us in the Monetary Board by Governor Laya then, that he had found out that because of the numerous objectives that had been set within the Central Bank, that there had been overstatements of reserves through a series of transactions, and this was largely done through transfer of funds from one bank to the other until it is finally deposited into the Central Bank account and then returned again into the banks. At one time, the maximum amount amounted to \$600 million. These amounts were reversed by the Central Bank, and we went through an examination of how these transactions were made in the books of the various banks and the Central Bank. And additionally, we have looked into the associated domestic transactions with this reserve build-up and we have cleaned the financial statistics of the Philippine Government.

[Marcos] Of course, may I add that this matter is still under study by special investigating groups. We don't intend to stay where we are now. We are going to pinpoint exactly how it was done and why the errors were committed, and the prime minister will report back to the Cabinet and to the president on this investigation.

[Daza] Thank you sir. We have next an important journalist, Mr Bob Sector of THE LOS ANGELES TIMES.

[Sector] Good evening, Mr President.

[Marcos] Good evening.

[ Sector ] You say Amendment No 6 is necessary to take quick action to solve the country's economic problems. But these very problems came about at a time when you already had that power, and they came about specifically at the time when people say they promoted the fact that you retain these powers, helped aggravate the economic problems and helped destroy business confidence. [sentence as heard] Now, given that history and given the feelings of bankers and businessmen, that they want to see this power removed, why do you cling to it and will you compromise on it, and, if so, how?

[Marcos] In the first place, I think you would understand if I say that this is a part of our Constitution. I don't cling to it; it's part of the Constitution. Now, you can't just change the Constitution on the say-so of the president. Then, at the same time, the Amendment No 6, which was approved in October of 1976, has been used in various ways in order to promote the programs of government.

Now, when I say that it is now necessary to keep it, I was referring to the two problems that are confronting us. These two problems are: insurgency, subversion, rebellion, lumped up into internal instability; and the next is the matter of economic recovery.

Now, let's talk about insurgency. If I don't have Amendment No 6 and there is a rebellion, as decided by our own Supreme Court, I would have to proclaim martial law in order to be able to utilize the powers that would stop the leaders of the rebellion, like arresting them suddenly and quickly, or filing cases against them in jail so they cannot escape as they have done in many instances.

Now, with respect to economic recovery: Let's see, the businessmen, for instance, asked a quicker means of deregulation, deregulation in, say, exports, and the Batasan, or our parliament, was not in session. This was during the businessmen's conference, I think. They came up with this suggestion of deregulation. So I used this power to deregulate. Now, how can that, then, cause economic destabilization as is claimed?

No. In the first place, in almost every decree wherein I have put my name under this power -- Amendment No 6 -- we have consulted with the parties that are involved. Now, for instance, if I signed a new wage order, or better yet, signed an amendment to the Labor Code, before we even consider it, we ask the business sector. And I would like to know anybody in the business sector who says that they have not been consulted with respect to some of the decrees that affect them. We have asked the business sector, we have asked labor, we have asked everybody who is involved in the game.

The second point I would like to make out is that -- you know -- we have a semiparliamentary system which is different from the American system. In the semiparliamentary system (?engrafted as a part) is the power of the president to issue decrees. For instance, the president of France can issue decrees without consulting anyone. In our case in the Philippines we consult the caucus of the party composed of the members of the parliament, the governors and city mayors, and the leaders of the party, which is probably broader, bigger than the parliament itself.

[ Sector ] Would you consider or would you agree to a modification of those powers that would provide for review by the parliament after...

[Marcos] interrupts Look, are you talking for the opposition [laughs] or what?

[ Sector ] No. I'm just asking a question.

[Marcos] Now look, look, look here. This is one of the issues that they will probably bring up, and you want me to answer this now?



[ Sector ] Yes.

[ Marcos ] Why should I? How can I? We will see how it looks. If the situation in internal stability deteriorates I may have to use those powers. Although from my point of view the situation in internal stability will not deteriorate because we are now on top of the situation, and we have recovered control over our regular troops from the Comelec [Commission on Elections] who had them all sitting down in the barracks -- sleeping in the barracks -- but now we have them, and they're operating. However, as befits a prudent leader you must always keep reserves. As Eisenhower told us when he was teaching us military strategy and tactics, he said, remember, whether you are winning or losing the battle, you must maintain 30 percent as reserves, ready for a counterattack. And I am trying to do this. This is why we are trying to hold back this calibrated power in Amendment No 6, and you can see that we haven't used it in any manner which is outrageous and which could be contemptible.

[ Sector ] So, you're not saying yes and you're not saying no on a compromise.

[ Marcos ] I will answer this when and if we determine exactly what comes out of this economic recovery program and what comes out of the insurgency problem. If the two situations deteriorate, I may have to use Amendment No 6.

[ Daza ] Thank you. From THE WASHINGTON POST, Mr Bill Branigin.

[ Branigin ] Mr President.

[ Marcos ] Mr Branigin.

[ Branigin ] You mentioned in your opening statement that the negotiations with the IMF still must hurdle a few remaining difficulties. Can you elaborate on what these difficulties are?

[ Marcos ] Well, liquidity. I already explained the last time you were here. Liquidity is one of them. Perhaps we should ask the budgetary and even the prime minister what we mean by liquidity problem, which means that there was too much money supply injected into the entire economy beyond and above our level that we had programmed. And no matter what we do if we have an excess liquidity problem we will not be able to control the foreign exchange level.

Would you like to say anything about liquidity, Mr Prime Minister?

[ Virata ] Thank you, Mr President. Well, one of the aspects in this program that we are negotiating with the IMF is, of course, reducing the liquidity level, and we have had difficulties in reducing this. Right now the trend is quite all right. We have been able to reverse it, and we are approaching our target area. So, I think we will be able to resolve this problem soon.

In the Cabinet meeting presided by the president on 17 May, we had also a budgetary problem, and as a result of the low imports and the character of the imports which are largely duty free or paying very low duties, there was a shortfall in our revenue, in our estimated revenue. And that is why it was necessary for the president to acquire additional reserves, budgetary reserves, to cut down on outlays in spending and at the same time institute new revenue measures.

And so, these actions confined our budget deficit for 1984 to the targetted 1.5 percent of GNP as compared to 1.7 percent last year of GNP as budget deficit. Additionally we are holding down the revenue and investment gap of the government corporations to a certain level, and this is also part of the program. And so, all of these matters are components of a program that we are negotiating with the IMF.

[Branigin] If I may ask another economic question?

[Marcos] Yes, certainly.

[Branigin] Mr President, one of the main criticisms about the economy that local businessmen have made in recent years has been the effect of what they call crony capitalism. What is being done to address....

[Marcos interrupts] I beg your pardon; I didn't get it.

[Branigin] Crony capitalism.

[Marcos] Crony capitalism. It sounds familiar. [laughter]

[Branigin] What is being done to address these concerns and ensure a fair allocation of resources in the future?

[Marcos] Well, first of all, you have all the presidents of the government institutions here. Let's see, Philippine National Bank, DBP [Development Bank of the Philippines], and of course the governor of the Central Bank.

First of all, I question the premise about crony capitalism. Let's see. Let's start with the biggest indebtedness that we incur, which is the nickel [unidentified voice says (Marinduque)] (Marinduque) of [unidentified voice says (Cabarus)]. Now, Mr (Cabarus') son is married to an Osmena. How can he be my crony? Osmena was my opponent in 1969.

Now, let's go to Zobel. The Zobel's control that -- should we say -- demonstration area in Makati. How can anybody say they are my cronies? They participate in the demonstrations against me. These are the big ones. Then you have, let's see, the other one would be Toyota, CDCP [Construction and Development Corporation of the Philippines], and Disini. These are the people, they always.... Look what has happened to them. Toyota is probably bankrupt by now. If that is the way a crony profits from closeness to the president, then you should not be close to the president. The other one is CDCP. Again, you have Mr Cuenco practically bankrupt. The same thing with Mr Disini or Disini Enterprises. Now if these are the examples of cronies, then there is no profit to cronies, because [laughs] they are way out. They are almost all bankrupt.

It is possibly true that we did deliberately try to create a group of Filipino entrepreneurs from the big land owners who were deprived of their landholdings in order that we could implement the agrarian reform program. We invited them to go into industry and naturally they were given the incentives that are natural or part of the package when you go through the board of industries. Indeed, some of the land owners did become industrial executives. That's what I think is the truth with respect to this particular matter.

[Branigin] Can I just follow up on that. The World Bank and IMF reportedly have been seeking an end to monopolies in the agricultural sector, particularly in the sugar and coconut sectors. Is the government committed to ending these monopolies and.... [Marcos interrupts]

[Marcos] I have not [laughs] received any demand. Neither have we made any commitments about this. On the contrary we are studying exactly [laughs] who is willing to take over sugar because sugar is a losing industry. The international price for sugar is about 6 cents. Cost of production is 12 cents. In no way can you make any money in sugar. Anybody who has a monopoly on this is losing his shirt.

Now, with respect to coconut, the .... or for that matter, let me go back to sugar. In the international market, it is always that almost every country that is selling sugar has only one outlet, a recognized single outlet for the entire country, both public and private sector. And the reason for this is because they tend to cut each other's throat in the competitive atmosphere of the market. Now, the same thing is true with coconut. Before the coconut producers organized themselves into a cooperative and before they started acting as one, what happened to the prices? Prices dove down because everybody was trying to undersell everyone. Now, that would be good for the Western buyers like the United States, Europe, England and even the Soviet Union, but it would not be too good for the producers, the sellers of coconut products. This is a matter, therefore, that is addressed to the national interest of any country that is involved.

The United States and other buyers may be interested in bringing down the price of these products, but certainly we are not going to allow the products' prices to go down so much that we are going to go bankrupt on the industry alone, like sugar. My belief is that if there is any serious question raised on monopolies even if we allow others to sell, say, copra or coconut products under certain conditions, this would be acceptable to the exporters, but right now no one has been in any manner asking us to dismantle the supposed organization of the coconut producers. [sentence as received]

[Daza] I think three questions from Mr Branigin is enough before he monopolizes the [laughter] session. So, I would like to ask you why Minister Ongpin [industry and trade minister] was not allowed to run [in the National Assembly election]? Did you think that he had a problem with the business press?

[Marcos] I guess he can answer that. He was too busy attending to both public and private sector.

[Daza] You don't think it's a public relations problem then?

[Marcos] Public relations problem? [laughter] I don't think so. I think he's a very, very strong candidate if he were to run.

[Daza] You would have allowed him?

[Marcos] I would have if he had asked, but he did not. First of all, you know, actually even the candidacy of the prime minister was in doubt for awhile because he was too busy on the economic problem. I had said that everybody should run, but there were those -- the economic managers who were busy with the IMF, the World Bank -- who certainly should have probably not run, but you know how it is. The people in Cavite also wanted the prime minister to receive his mandate.

[Daza] Thank you, sir. Next, we have somebody quite familiar to you, Mr (Mike Henoveya) of the DAILY EXPRESS.

[Marcos] Mike, yes, by all means.

[(Henoveya)] For the duration of the elections you suspended your powers under the preventive detention action. Now that the elections are over, maybe now, Mr President, do you have any plans to continue availing with these powers?

[Marcos] Well, I don't think there will be any need to use Amendment No 6 with the present situation, but if it deteriorates, I may have to. This is something which is left to the judgment of the decisionmakers, but principally the president.

You will remember that in Amendment No 6, the provision requires that the president in his judgment believes it's necessary to utilize the power. Well, right now I don't believe it's necessary to utilize the power, but as I said, if the situation deteriorates and gets to the approximate situation in 1972, instead of declaring martial law, I'll use Amendment No 6.

[(Henoveya)] Another question, Mr President. If you'll recall, Mr President, before the elections you ordered a 10-percent cut in budgetary expenditures, and this was followed by another order of another 5-percent cut. However, there are certain sectors that claim that in spite of these orders the Ministry of Budget had exceeded its levels of spending. May not this be true, Mr President?

[Marcos] Well, no. We maintained our program -- where is Minister Alba [budget minister] -- we maintained our program. We saved 8.9 plus 4, 5 percent; now, it would be about 3 billion. So we have saved 11.9 billion pesos, or rather held them in reserve -- this is the technical term for it -- held them in reserve and available if there should be any urgent reason to change the policy. But we do believe that the first office or the first person to invoke austerity must therefore follow the austerity policy. Now, the government was the one that invoked austerity and productivity, so we cut on expenses. Now, you say that there was an overextension of credit to the government by the Central Bank. This has already [Marcos corrects himself]... I thought that the prime minister tried to explain it. For valid reasons the income of government did not come in. There was not enough imports, and imports that came in were duty free. At the same time the various credits began falling due. Would you like to explain this, Mr Budget Minister, Minister Alba.

[Alba] Ah, yes. Mr President, actually you directed a series of reserve impositions. The first was required because we had to cover for the result of the peso devaluation. When an exchange rate is adjusted with the peso losing vis-a-vis the dollar, immediately certain expenditures will have to be adjusted upwards; for example, debt servicing. We have to impose reserves on the expenditures of other agencies just to cover that. There are also other foreign currency denominated expenditures which must be covered by additional funding which could not come from additional revenues. It could only come by reducing the expenditure in other areas. In effect, the first 10-percent reduction was a realignment to cover for the adjustments due to the cost of peso reduction in as far as total expenditure is concerned.

You must remember that our expenditures are programmed very strictly in accordance with what might be feasible from the standpoint of revenues. It so happens that for the first quarter 1.9 [as heard] in customs revenues were not realized. As a consequence, therefore, the president directed that an additional 3 percent [Alba corrects himself] ... 5 percent of the remaining budget be instituted as a reserve, therefore, about 3 billion. Now, this 3 billion will now constitute a permanent reduction on total expenditures. And so the resulting demand of government expenditures on the Central Bank was not because we exceeded expenditures, but simply because there was a shortfall in the expected revenues, and the treasury had to resort to operations to reclaim or redeem outstanding certificates of the national government. And also from the cash position, some outstanding tax revenues collected by the banks have not been remitted as expected. So the cash situation is such that normally the first quarter of the year is really an uptrend in terms of expenditures because of infrastructure construction.

[Daza] Mr (Jack Reed) of UPI.

[(Reed)] Mr President, former Senator Laurel said today the country should return to a presidential system of government because that is what the people want. My question to you is, would you be willing to hold a referendum on this issue after the new parliament convenes?



[Marcos] We will find out if it is necessary to do so. But we do not call a referendum just because there is a political disagreement about the nature of government. Now, let's look at this from the viewpoint of our people.

We changed our Constitution in 1973, and we have amended that Constitution several times, sometimes at the instance of the opposition; for instance, the plebiscite on regional elections turning into district or city elections. That amendment was instituted at the instance of the opposition, but it seems to me as if the opposition cannot be satiated. The more you give them the more they demand. They are like ravenous tigers, insisting on eating the whole body if you give the fingers. I do not know on what premise he claims that the people want this kind of government. They lost in the last elections; that's all I know. Having lost in the last elections how can they claim any mandate from the people? That's my answer.

[(Reed)] Thank you.

[Daza] Mr (Michael Burns) of the AUSTRALIAN FINANCIAL REVIEW.

[(Burns)] Sir, one of the greatest problems facing the economy at the moment is the large amount of capital which has left the country and is now residing overseas. I understand that the OBU [Overseas Banking Unit] system has permitted this to happen whereby capital can leave the country without any, virtually any control. I wonder, in the long term, are there any plans to try to rectify this sort of system?

[Marcos] Well, let me see. I know that under the OBU the dollars that are deposited are not considered as a part of the reserves. That's right, isn't it [name indistinct]? But in Brazil, they included them as part of the reserves, and therefore, the depositors could not pull out the dollars without the permission of the government, notwithstanding which they pulled them out. And so when the Central Bank of Brazil made an accounting of available reserves they included the deposits, the dollar deposits in the OBU. And this is where they went wrong by several billion, and this is why the settlement with IMF was also met with some difficulties.

Now, this is a basic policy. Do you or don't you recognize the sanctity of all the deposits, whether they are dollars or pesos. In the Philippines, we don't inquire into deposits, and we should not because it is provided for by law that no one can legitimately look into any deposits whether it is in the OBU or even in the ordinary deposit system. We also have dollar deposits in the regular depositories, the banks, and we never inquire. This is to us a wise policy, and we think we should continue with it.

[(Burns)] Thank you.

[Daza] Next, Mr (Elly Amoroso) of PNA [PHILIPPINE NEWS AGENCY].

[(Amoroso)] Mr President, in the first part of this quarter I understand the government borrowed from the Central Bank about \$5 billion in excess of the level.... [Marcos interrupts]

[Marcos] Pesos, probably, pesos.

[(Amoroso)] ... Pesos, recommended by the IMF. I also understand, Mr President, that this is one of the reasons for the delay by the IMF in approving the loan request for the Philippines. Now, would you tell us, sir, who are responsible for committing and authorizing these borrowings and what steps are being taken to rectify the situation?

[Marcos] Well, I ask this of the prime minister and the minister of the budget. Mr Prime Minister, would you like to answer that?

[Virata] Well, Mr President, under the charter of the Central Bank, actually the government is allowed to borrow much more than that because 20 percent of the revenues of the government could be borrowed from the Central Bank. But I would like to state that at the beginning of the year the outstanding debt of the national government with the Central Bank was close to 2 billion already. It is true by the end of April it went up to 5 billion, and as of the end of this week it is slightly over 3 billion; it is 3.037 billion. This had been explained partly by Minister Alba in the sense that we have shortfalls in revenue from customs. Secondly, during the summer and dry months of the year we have the construction activities. Thirdly, when interest rates went up, we were not able to follow it closely, and we had to redeem treasury bills outstanding, and this accounted for the cash deficit of the national government. But when the internal revenue collections came in, and additionally we have these additional revenue measures that were just passed, then we have been repaying the overdraft with the Central Bank, and this is one way by which we have been contributing to the reduction of liquidity.

There are of course other factors like the improvement in the international reserves of the country increases also the liquidity. On the other hand the Central Bank has been trying to sell Central Bank bills and has been telling the companies that have external debts to deposit their funds with the Central Bank in order to reduce liquidity. So, there are so many of these measures that we have undertaken in order to meet the target levels as far as liquidity is concerned.

[[Amoroso]] Mr President, I would like to ask another question which is close to the heart of the people. I understand, Mr President, that Minister Ople [labor and employment minister] has submitted to you his recommendation for wage adjustments of workers in the private sector. When may the workers expect your decision to come out, sir?

[Marcos] Well, this is a matter which all parties should be advised about, meaning both the management side and the labor side. I have not had the occasion to meet with any of them. I would like to feel the pulse of our people before we make any decision. At the same time, perhaps, we should integrate all efforts at wage changing with the results of the negotiations with the IMF. Now, those negotiations are reaching an apogee, and I believe it would be smarter for everybody to find out what will happen with the IMF, whether it will be necessary to change the parameters, the basis for prices and income, or whether the same level can be maintained after the negotiations with the IMF. Well, right now we can't say, but in a week or two we will.

[[Amoroso]] Will the public workers also expect some adjustment in case your decision is in favor, sir?

[Marcos] What I am saying is, we might not only increase the wages to this extent. We might increase them further if the employers can support it and if the IMF negotiations will result in better terms. This is something which I am saying -- if, with a big if -- conditionally.

[[Amoroso]] Thank you, Mr President.

[Daza] I think the next question is going to be an economic question as well from Mr Guy Sacerdoti of the FAR EASTERN ECONOMIC REVIEW.

[Sacerdoti] Good evening, Mr President.

[Marcos] Good evening.

[Sacerdoti] Many bankers that I've spoken to say that any rescheduling of the foreign debt will not really have any effect in the long run unless there is a solid look at the fundamental problems of inefficient investments of the past, the easy government guarantees for projects which have now in a sense become nonperforming assets. And I was wondering what is being done now to sort of look into these fundamental issues?

[Marcos] Well, it is part of our problem. It's a review of all these expenditures, or would be expenditures, that would become due if we don't do anything about it. But they have got to continue, and this is the reason why we have to make do with all these provisions for restructuring the entire indebtedness.

Now, we are trying to work out solutions for the individual problems, on guarantees, on investments; for instance, let's talk about Marinduque. Marinduque is a losing nickle mine with a nickel refinery. Every time we produce nickel we lose money, automatically, and therefore, we must look for secondary products, and this is what we have now looked into.

The same thing is true with (Batung Buhay). (Batung Buhay), there was a huge investment in it, and for various reasons the machinery couldn't be brought up. One of them was the peace and order situation in Cagayan Valley. But now, that has been settled. They have been able to bring the machinery in, and it is operating. I think Minister Ongpin can mention some more of the others wherein we have tried to work out solutions to the individual problems of investment. Either Minister Ongpin or the prime minister.

[Virata] Well, as far as the projects that have failed as the president has said, we have been getting consultants and experts in order to correct whatever technological problems are present or the capital structure of these companies. So that is what we are doing on already existing projects. Now, with reference to new projects, we have a very strict rule now that we would not guarantee these new projects, and therefore there is a closer look on the part of the suppliers or the export credit agencies as far as viability of these projects are concerned because in many cases -- it seems to me -- the eagerness to sell and the eagerness to establish an enterprise left out many of the detailed examinations as to what would really fit the Philippine environment and types of raw materials.

Additionally, the National Economic and Development Authority has started a review of the program for 1984-88, in which case we are trying to shift a lot of our efforts into agriculture and less on the major industrial enterprises that have been thought out before.

So, these are the adjustments that we are trying to make in the economy. We continue to emphasize export industries. The governor of the Central Bank will also propose to the monetary board and to the community the reforms necessary for our financial system. So we will have a series of reexaminations and adjustments in the different sectors in order to assure that our future will be assured as far as investments are concerned.

[Marcos] Probably the shortest way to say this is, on the individual problems of investment, there is an attempt on the part of government and the private sector to band together and recover in the long run. Now, at the same time, the policy of the government has been modified so that of the 11 industrial projects, we have cut out 5, and we are now shifting fundamentally to agriculture and the short-gestation-period investments which we need right now to increase productivity.

[Sacerdoti] If I just ask one followup question in terms of the banking system, how much longer can the government financial institutions continue to change bad debt into equity and still be able to finance future developments?

[Marcos] Well, it will probably need a lot of doing, but I think we are still doing well up to now. If you are talking banking, why don't we ask Governor Fernandez about this?

[Central Bank Governor Fernandez] Thank you, Mr President. I think the question's appropriate. It is one of the items that is contained in the program that we are negotiating with the IMF. We are looking very closely at the portfolio of the government financial institutions as has been mentioned to you by the prime minister. It's a study in depth. It's an attempt to analyze real cash flows that will come out of these institutions. It's an attempt to look at the technological basis for recovering any of the investments that have been made which appear bad. It will not be something that will be done overnight. It will require serious, in-depth studies and the assistance of technical help from all over the world, wherever we can find it, to try and convert some of these investments into cash.

[Sacerdoti] Thank you very much.

[Marcos] Thank you.

[Daza] Next, we have Mr (Fred Sahot) of Channel 13.

[(Sahot)] Good evening, Mr President.

[Marcos] Good evening.

[(Sahot)] On internal security, may I address these questions to two ministries directly having ... [Marcos interrupts]

[Marcos] Certainly, by all means.

[(Sahot)] ...A say on it, to the ministries of local government and defense. Sir, to the Ministry of Local Government... [Marcos interrupts]

[Marcos] Is the defense here? Oh, Minister (Krisso) is here. Yes, by all means.

[(Sahot)] The proliferation of subversive activities in Samar, the island of Panay, some parts of Bicol and Mindanao, are indications that the local executives have failed miserably in discharging their duties and rendering the basic services by the people. If this is not the case, may I ask the minister of local government, to what factors does he put on the blame as to the proliferation of subversive activities in these areas? [sentence as heard]

[Marcos] Deputy Prime Minister Rono.

[Rono] Mr President, thank you. In the first I do not know what is the basis for the statement proliferation of subversive activities. We just held one of the most peaceful elections in this country in Samar. I do not, if you heard any incident whatsoever. [sentence as heard] In the second place, I think Samar had a bad name, just like typhoon. Everybody thinks there is always some typhoon there. Unfortunately we're just on a point where we're very close to the Pacific, and every time there's a typhoon brewing, they will say it's 200 miles east of Samar, and people think we are hit.

Now, at the height of the NPA, I must agree that there was some kind of so-called proliferation. But there was some kind of a teamwork that was made between the military and the civilian government, and there was a massive infrastructure that went in. Would you believe that in this country, the biggest infrastructure project singly, an integrated project was made in the island of Samar? This is the World Bank, the Australian grant, and, of course, the (Maharlika) of the Banco Pilipinas.



[(Sahot)] Sir, may I address my next question to the military?

[Marcos] Yes, by all means.

[(Sahot)] The propaganda war as claimed by the military establishment has been lost to the subversives. May we know why this is so, Mr (Krisso), please?

[(Krisso)] The military does not engage in propaganda. [laughter from audience] It is engaged in services to the people. There is no such thing as propaganda in the military. The best propaganda, if you call it, in the military is responsible performance in the pursuit of its mission.

[(Sahot)] Sir, the CRS [expansion unknown] is tasked with informing the people in the far-flung areas of what the military is doing. And it's failing miserably.

[(Krisso)] How did you arrive at your conclusion?

[(Sahot)] Sir, no! You cannot stay in one place, in one city for several days, when cadres can stay there for weeks and/or months. And if you get out of a certain area, they come back and they reindoctrinate the people. You just don't have enough manpower, sir.

[Marcos] That's correct.

[(Krisso)] We don't have enough manpower, and we have very little budget for that. [laughter from the audience]

[(Sahot)] Sir, thank you very much.

[(Krisso)] You're welcome.

[Marcos] May I add something to this interesting exchange. [laughter] Actually, we must admit that the membership of the hard core, the cadres, of the New People's Army, and other subversive groups have increased in the last several months. I ascribe this to some deterioration in the economic situation. Take the example of Davao. One entire barangay was taken over, and until we learned how to deal with this, the barangay was under the control of the subversives. But we sent in the civilian social service workers first, then the medical men. No talk about politics, nor about the NPA, nor about the military. Just service to the people. And after a while, the people start talking. They reveal the fact that they are under the gun, that every time the subversives go into the barangay, they cannot do anything but cooperate because they are under the gun. And so, we ask if we can allow the military to come in when these people are there, and that starts the whole thing. We drive out the NPA's. And that has been done in the case of -- what's the name of this fellow -- (DeVera). (DeVera) in Davao whose father had a cattle ranch somewhere close to the old Marcos cattle ranch; that's why I was told about it. A cattle ranch of ours which was started in the 1930's was close to it, and they told me that the NPA's would just go in there and control the whole thing.

Now, by how much have the NPA's increased in strength from 1980 when we started having difficulties -- economic difficulties -- up to the present? Now, this is the question, I think. Not this proliferation business, but what is the accurate estimate by the military? And the military says they have increased their strength, armed strength, from 2,000 or 2,500 to 5,000. However, they are well spread. It is true, indeed, that now they are moving in platoon strength -- 50, company strength -- 100, and sometimes as big as 200. And these are new tactics, and they bear watching, because our small detachments of one squad of eight men, half a squad of four, certainly are at the mercy of these people, and it is true also that in some instances, some of the local leaders have abandoned their posts and gone to the cities. But this is few and far between.

In some instances, Minister Rono has suspended the mayors. He did not tell you but he is pretty hard on those local executives. But now they are cooperating and this is why you hear of some of the mayors being killed, actually by the NPA's in retaliation for supporting the government.

[Daza] Thank you, sir. Mr Gabi Tabunar, next, for CBS news.

[Tabunar] Good evening, Mr President.

[Marcos] Good evening.

[Tabunar] When I was told that you were going to hold a press conference, I thought, maybe, that you were really going to announce a form of devaluation which.... [Marcos interrupts]

[Marcos] [laughter] That's the problem with you. You are always suspecting something odious. [laughter]

[Tabunar] Well, this is a subject, as you are well aware of, Mr President, a subject of speculation outside. People in business circles, who are projecting for so many years, they are not paying attention to the 14 to 1 any more, they are saying, 17, 24 ... [Marcos interrupts]

[Marcos] No, the black market. Let's admit it's about 19 to 21, and in between. Some people are known to have bought at 21, others at 19, depending on who is buying and who is selling. But, let me say, there is no way of projecting a devaluation figure right now while we cannot control our money supply as well as the dollars and interest rates and others, or rather the inflation rate. Even the IMF, I think, agrees with the position that so long as you have a surplus or excess liquidity, there is no way of talking about devaluation. You will not be able to hold it. You cannot support whatever devaluation you may set on. You'll say 30 to 1, but there is liquidity and the high inflation rate, before you know it, that exchange rate will go up to 100 and so we'd better not start anything until we have this stable base, and that stable base is for government to be more austere and frugal in expenditures, the private sector also, the bank reserves, which the Central Bank governor has been working on, bring it all the way down. How much? We are now down to 25.5. We are trying to bring it down another billion, 2 billion. All of these are the necessary requirements for anybody to talk about or think about devaluation. Until we can settle this excess liquidity, let's not talk about devaluation, there is no way of holding the front.

[Tabunar] Well, it is said that .... [corrects himself] Well, can you answer me categorically, Mr President, is devaluation inevitable sometime this year?

[Marcos] No, precisely, I said, it's useless to talk about devaluation while you have a surplus liquidity in the economy. So long as the inflation rate is high, let's forget it. I will never agree to any devaluation until we control the liquidity.

[Tabunar] One more quick question, Mr President. If the Gulf war escalates to a degree that will effectively block the flow of oil -- this country is vulnerable to such a crisis, to such an emergency, Mr President -- what steps are being taken to ensure that we will have enough of that product?

[Marcos] Well, we could shift to other sources that do not supply us through the Gulf. That's one. And we have been working on it. Minister Velasco's been working on this. We now must also try and exploit all discoveries and this is why I sent him to the United States to sign a contract, but the Garloc oil discovery should be exploited before the end of the year, and he has been successful in getting a contract to that effect. This will increase our supplies almost double I guess.

But again, we must admit that no matter how you cut it, you are in some kind of trouble. The whole world is in some kind of trouble, whether it's Europe or the United States or the Philippines, especially Japan.

[Tabunar] How much reserves do we have now?

[Marcos] Good for 70 days. Minister Velasco, you want to say something about this. There is our oil.... [interrupted]

[Velasco] Thank you, Mr President. As you have indicated, sir, we have prepared the necessary contingency plans. We are fully aware of the problems that exist and could exist, could escalate, in the Middle East. First we have our full capability of hauling our own oil. So, with this in mind, there are certain contingencies that we can go into. But, above all, within the ASEAN organization of which we now have a new member, Brunei, and in the ASEAN we have an agreement that in the case of shortfall of energy, particular oil, by any one of the members of the region, all of the members of the region are committed to assist. Now, to what extent this will be, I guess it will be to the extent that we will need one another. So, these are some of the contingencies, but there is an existing agreement along this line. I think you are aware of it. That's what I wanted to say, Mr President.

[Marcos] Yes.

[Tabunar] Well, thank you very much. One more short query?

[Daza] Two ladies are waiting.

[Marcos] All right, all right.

[Tabunar] I would like to follow up Bob Sector's question about ... [corrects himself] I'm sorry but it's beating a dead horse, an Amendment No 6, Mr President.

[Marcos] Yes, by all means. Everybody is interested in Amendment No 6.

[Tabunar] Can it come to a point where you say that this.... [corrects himself] your emergency powers were patterned after the Constitution of France... [Marcos interrupts]

[Marcos] No, it's not my emergency powers. It's the whole system. The whole system, the parliamentary system, is more or less patterned and modeled on the system of France.

[Tabunar] Yes, well, they have two chambers there, of course....

[Marcos] I know, but the effective chamber is the lower chamber.

[Tabunar] The emergency powers I speak of, Mr President, are shared by the head of state with a council of deputies, the Constitutional Council....

[Marcos] No, No. He can issue a decree without consulting anyone.

[Tabunar] May I read you a passage of the Constitution, sir?

[Marcos] Yes, he is also the head, the presiding officer of the highest judicial body.

[Tabunar] It's the ... may I read this: "When the institutions of the republic," this Article 16 says, "the independence of the nation, the integrity of the territory, or the fulfillment of its international commitments are threatened in a grave and immediate manner and when the regular functioning of the government authorities is

interrupted, the president of the republic shall take the measures commanded by these circumstances, after official consultations with the premier, the presidents of the assemblies and the Constitutional Council. He shall inform the nation of these measures in a message, and these measures must be prompted by the desire to ensure to the constitutional government authorities in the shortest possible time the means of fulfilling their assigned functions. The Constitutional Council shall be consulted with regard to such measures. Parliament shall meet by right and the National Assembly may not be dissolved during the exercise of these emergency powers.

[Marcos] Oh yes, precisely. The first step that the president of France does, or any president modeled after France, is to put in what is known as the emergency measure, after which he consults everybody holding these emergency measures to stop that emergency. For instance, if there should be any war on his borders, if this had occurred, the president would then issue such decree as may be necessary, like Lincoln in 1862 when he increased the strength of the Armed Forces of the United States -- Navy, it was -- he took over the railroads and he arrested some of the leaders of the south, southern rebellion. The Supreme Court of the United States ordered him to release the prisoners, and he refused. He also continued with the issuance of the decree increasing the forces of the United States and providing for them by appropriation, by decree.

Now, I think it would be better if we [corrects himself] you read our Amendment No 6, you will find out that only in instances where the parliament cannot move or cannot act does the president of the Philippines operate, or use the power of decree. Now, you say he has to consult all those people. In actual practice, the consultation is after the emergency measure has been taken. And the court of France has upheld the power of the president. The same thing is true with the United States: The powers of President Lincoln were questioned and the cases were decided after the Civil War and the power of the president was upheld.

[Tabunar] But the parliament meets to ...

[Marcos interrupting] No, no. It does not. The issuance of the decree does not prevent our Batasang Pambansa from meeting immediately. Now, in our case, however, the parliament, our National Assembly can meet anytime if the caucus decides there should be a meeting. Because, as you know, in our Constitution, the one who calls the special session is the president, and he does so at the instance of the caucus. If the caucus tells him don't issue that decree, he cannot issue that decree, whereas in France, he can overrule all the consultations. Even if they do not agree with him, he can overrule them, everybody. But in our case, if the caucus says, "Do not issue that decree" that's the end of it.

[Tabunar] Well, thank you for patience, Mr President.

[Daza] Miss Patricia (Newell) of 028 TV Network, Australia.

[(Newell)] Mr President, in Leyte, in the shrine of (San Jose) there's a painting showing yourself and the First Lady as (Malacasa) and Madonna and also in the northern province there's a bust of yourself. [Marcos interrupts]

[Marcos] That's a little immodest, I must say. Yes, I never agreed with that painting.

[(Newell)] I was just wondering how you feel about this in terms of the image of yourself, is this the way you want to be perceived as... [Marcos interrupts]

[Marcos] The overenthusiasm of some of our supporters has been noted in some of my writings.



[(Newell)] You don't support this move?

[Marcos] It's in poor taste, but it is probably a part of our culture.

[(Newell)] How do you perceive yourself in history? How do you want to... [Marcos interrupts]

[Marcos] I see myself as a leader who has been very patient, stoical in many ways, enduring. Perhaps if we had not proclaimed martial law in 1972 we would have been another Vietnam. I see that in that perspective.

[(Newell)] Just one another question, it's quite off the track here. With the growing problem with the NPA's we were talking about earlier, do you see any similarity between the Philippines and the similar situation in El Salvador?

[Marcos] No. The NPA... first of all, the Communist Party of the Philippines had two factions; one was Moscow-oriented and the other is Beijing-oriented. The Moscow-oriented one was dismantled in 1954, before my time; but it started to recover, so much so that in 1975-76 they surrendered en masse to me at (Talaga) in Nueva Ecija with about 3,000 arms, but in 1968 the young communists under Jose Mario Sison organized the faction that was Beijing-oriented and also established the New People's Army, which was organized in 1969. Now, we have fought battles with them. The principal answer, however, to any subversion and insurgency is still economic development. And this is why it is important that while we are holding back the NPA's and the MNLF, we must continue to develop our country. I think that we have some time, because I feel that the insurgency in this country is not [corrects himself] does not in any way place in jeopardy the stability of our republic. It is an irritant, yes, but we have captured the first and second echelons of leadership of the Communist Party of the Philippines -- the only country, I believe, that has succeeded in doing so. We have Jose Mario Sison and all the members of the Central Committee, we have the commander of the New People's Army (Vernon Buscayno) alias Commander Dante, we have many of his commanders, we have captured the regional leaders. Lately we captured (Cabardo), the brother of the leader in Samar, and we caught several of the commanders, regional commanders in Mindanao. I don't believe that any country can equal that record.

[(Newell)] You're still looking at the short-term problems in terms of a military solution?

[Marcos] Military solutions are short-term, it's really not the solution. We have to economically develop. And we must recognize the fact that all Southeast Asian countries will be facing problems of internal instability or insurgency for the next several years, but not of such a scale that it will prevent our governments from engaging in economic development. And this is why we are balancing our forces. While we are spending some money for the military, we are spending more for education, for economic development. And this is as it should be, because the long-term solution is the development, economic development of our country.

[(Newell)] Thank you, Mr President.

[Daza] Somebody from TIME magazine. Miss (Nelly Sindayan).

[(Sindayan)] Mr President, you said last Saturday that the number of the appointive members of the Batasan will not be increased from 17 to 35. I was wondering, Mr President, if this still holds true?

[Marcos] Well actually, with the present number of elective officials -- 183 -- and the total being only 200, you still have to -- let's see -- appoint 14 members of the Batasan coming from the youth sector, agriculture labor sector and industrial labor sector. Now, 14 plus 183, that leaves you 197; you have only 3 vacancies which you can fill up, which the president can fill up, in accordance with the Constitution. It has been suggested that we now choose in caucus what are the three most important portfolios or Cabinet positions **or which** portfolio must be represented in the Batasan. Thus you have justice, budget and agriculture, [corrects himself] trade, trade rather, trade, -- trade, budget and probably justice.

[Daza] For the last, Mr Anthony (Space) of the ASIAN WALL STREET JOURNAL.

[(Space)] Good evening, Mr President. I have a belated follow-up question about the overstating of the international reserves, so I think it's probably to Prime Minister Virata.

[Marcos] By all means, yes.

[(Space)] Prime Minister, you mentioned one of the problems with the overstating were transactions that were used to meet various internal targets within the Central Bank. Now, I think you may be referring to the so-called window-dressing transactions that the central banks in many countries around the world use to achieve certain targets at certain target dates. Is that right?

[Virata] Yes.

[(Space)] My question is, the 600 million overstatement of the reserves -- can you tell us whether that overstatement came about as a direct result of one or a series of window-dressing transactions or whether the overstatement was a simple paper overstatement of the amount of the reserves?

[Virata] Well, these transactions are quite involved. Just to give you an example, an amount is drawn from a certain bank, it is, say, deposited with the Philippine National Bank and then sent to the Central Bank of the Philippines and entirely deposited again to the Philippine National Bank and then returned to another bank until it clears, and in the process of doing this, since it is a worldwide transaction, as of a certain time when the books are closed you record an increase in the reserve. And by and large, the transactions are of that type. So this is a procedure which was followed and this is what we discovered.

[(Space)] I'm sorry, if I could just paraphrase that: So the \$600 million overstated were statements of transactions that did take place?

[Virata] Yes.

[(Space)] It was not just a sheer stroke of a pen that changed the reserve level?

[Virata] No.

[(Space)] Thank you.

[Daza] Thank you. To close the conference, may we call on Mr Tanado as president of the press corps, as tradition requires?

[Tanado] Thank you. Since all questions have apparently been taken care of, may we thank the president for this press conference.

[Marcos] Thank you very much for attending. May I say a short statement of what is happening now?

First of all, we are trying to terminate the negotiations with the IMF. We are hoping that we can do this before the middle of this month. During this period I believe that our people should be told that it would be well to look into the actual basis for the actions of the government, meaning what is expected to come out of these negotiations. What we expect to come out of these negotiations is that, first of all, no matter what happens I don't believe that the speculation about devaluation will help anyone. No matter what it is, the black market rate is not higher than 21, and therefore any speculation it would be higher than this is certainly off, completely off.

Now, we are asking our people to be patient. Yes, there are many products that are now being hoarded, but the rice farmers, for instance, have come out and offered immediately when they were informed of the shortage -- alleged shortage of rice, which does not exist -- but they were ready to offer 5 million cavans of rice. At the same time, we have available supply in the sources to whom we have sold rice before. Therefore, I appeal to our people to desist from individual hoarding, meaning buying more than what you actually need. During these days, patriotism involves some kind of self-discipline and I ask our people that they sacrifice a little or discipline themselves while we are working out the solution to the economic problem.

Now, in addition to this, I ask our people, everybody, whether the opposition, the legitimate opposition or the ordinary citizenry and all the institutions, the church, the schools, to now help and cooperate in the commitment to fight this foreign ideology, subversion and the insurgency which threatens to grab political power by the barrel of the gun. I do not believe that any man in his right senses would be willing to replace the present democratic government with a repressive and oppressive tyranny. I believe that our people have decided, by the last elections especially, that they prefer a democratic way of life. Having received this mandate, the present government, or administration, certainly will try to implement such an order coming from the sovereign people.

I now ask the political opposition to help us implement this mandate of the people. I do not believe that even the most -- should we say -- militant members of the opposition groups would be willing to accept the alternative of other forms of government. With respect to the question whether we should return to the presidential kind of government, I believe that this also was answered by our people in the last elections, because if they had wanted to change the form of government, then they would have voted in a number of members of the Batasang Pambansa sufficient to amend the Constitution and change the form of government completely. How much is that number? Two-thirds. And two-thirds would be about 132. As of now, I think they may have about 66, oh it went down, 61 -- about 60, give one or take one. Forgetting all about these speculations based on the wishes of our people, I still have to hear any serious student of politics and government to support a change of government and to implement instead this foreign ideology that (?is godless).

I, therefore, ask the opposition party and other parties all over again to place in their platform an open declaration that they support the democratic way of life and are against the subversion, communism as well as insurgency that is beginning to rear its ugly head all over again. Their silence should be noted by our people. They are being [corrects himself] they have refused to condole even with the family of General Karingal, they have refused to participate in any ceremonies which might, probably, put them in a position that they may have to explain to the communists. If this is so, then to them I say: Let us get together and debate this thing privately first, if you want to, but publicly if necessary. I believe that our people are mature enough to decide this matter for themselves, and I believe that they have decided in the last election; however, we are willing to debate this matter all over again, if they want to.

To all of you who have participated, thank you very much.

[Daza] With that appeal from the president we bring tonight's press conference to a close. And on behalf of my colleagues, I'd like to thank the president, the prime minister and the Cabinet for attending this press conference, which we hope will become a weekly regular press conference.

[Marcos] By all means [laughs], sure, let's make it a weekly conference.

#### METROPOLITAN COMMAND, POLICE FORCES ON RED ALERT

OW051251 Quezon City RPN Television Network in English 1100 GMT 5 Jun 84

[Text] The Metrocom [Metropolitan Command] and metropolitan police forces are on red alert. Metrocom Chief Major General Prospero Olivas, who is acting PC [Philippine Constabulary] chief, issued the alert order in a meeting with Metro Manila police superintendents, representatives of AFP [Armed Forces of the Philippines] Headquarters, and other AFP major services. The meeting discussed ways of preempting any plan of subversive and terrorist groups to create trouble in Metro Manila, any plan or fires of suspicious origin, like those that gutted the (Alabang public market and the old Manila International Airport, were cited as indications of possible resurgence of subversive activities.

Gen Olivas also cited findings by the PC crime laboratory that explosive devices, seized in a recent raid on an underground house in Antipolo, Rizal, were of the same make as the time bomb found near the Japanese Embassy last month, which failed to explode.

Olivas also cited an alleged claim of the Communist Party in a special issue of (Angbayan), claiming responsibility for the assassination of Police Brigadier General Tomas Karingal.

#### Further Details

HK051355 Quezon City Maharlika Broadcasting system in English 1100 GMT 5 Jun 84

[Text] Metrocom [Metropolitan Commission] Chief Prospero Olivas today placed the entire Metro Manila police force under red alert. [Words indistinct] reports that the recent rash of fires that hit the area was the handiwork of terrorists. Details from Jun Francisco:

[Begin recording] [Words indistinct] Order by Olivas among the different police and Metrocom districts of Metro Manila took effect at 4 o'clock this afternoon. Olivas disclosed in a conference with the [words indistinct] of Metro Manila at Camp Crame that the rash of fires is an indication that terrorist groups are behind it. He said this is reminiscent of the light-a-fire movement and the planting of an incendiary bomb at the Japanese Embassy. Olivas also disclosed that the raid on an Antipolo underground house unearthed explosives and other timing devices similar to the one planted at the Japanese Embassy. As a result of the raid, (?three) terrorists were apprehended, he said. Olivas further surmised that the killers of Brigadier General Tomas Karingal may be the same group of (terrorists) responsible for the rash of fires. Olivas assured that the public should not be alarmed. He said this red alert order is to restore order in the Metro Manila area. [end recording]

#### MARCOS DECREES ECONOMIC RECOVERY MEASURES

HK060029 Manila Far East Broadcasting Company in English 2330 GMT 5 Jun 84

[Text] President Marcos last night [5 June] issued a directive allowing the peso to float upwards in its rate with the dollar. The measure was one of the seven issued by the president to speed up the economic recovery of the nation.



The moves were recommended by his economic advisers, headed by Prime Minister Cesar Virata and Central Bank Governor Jose Fernandez. They were decided during a consultation with leaders of the ruling KBL [Kilusang Bagong Lipunan] during a caucus at Malacanang. The measures are effective immediately.

Under the directives, the peso will be permitted to float upwards toward a new equilibrium level, and the Central Bank will continue to administer that mechanism with the banking system. The Central Bank will reinstate the retention of 20 percent of foreign exchange earnings by individual institutions. There will be a special excise tax of 10 percent on foreign exchange sales by banks for all payments, except for merchandise imports. An economic stabilization tax, starting at 30 percent, will be collected on the peso value of exports, and import surcharges will be raised from the current 8 percent to 10 percent.

A government austerity program will be launched, including budgetary cuts by 5 percent for this year. Borrowings of government corporations and their new investments will be immediately carried out, to reduce claims on the government budget as well as on domestic and external credit available to the country.

Concerning the economic measures issued by the government, Prime Minister Cesar Virata and Central Bank Governor Jose Fernandez said the measures are needed because of the stressed economic conditions. He [as heard] said the situation has reached a point where firm and decisive actions are needed. They explained that the seven measures are intended to stop speculations on the exchange rate, commodity prices, investment decisions, and probable government response to various economic crises.

On oil supplies, the president assured that the government has enough oil supply to meet any emergency that might arise from the Gulf war between Iran and Iraq which could block the flow of fuel into the country. The president told newsmen that aside from the 70-day oil inventory, the government will also look for other oil sources. He said that the country for instance would import some of its oil requirements from Brunei, a new member of ASEAN.

Aside from shifting to other oil sources, the president said the government will also exploit oil discoveries in the country. He revealed that Minister Roni Velasco had been successful in getting a contract with Occidental Petroleum Corporation in Los Angeles on 10 May for the commercial development of the Garloc oilfield, northwest of Palawan, before the end of the year.

In another move, the president designated the presidential anti-dollar-salting task force as the exclusive authority to investigate all foreign exchange irregularities.

#### Further on Economic Moves

HK060438 Quezon City Maharlika Broadcasting System in English 0400 GMT 6 Jun 84

[Text] The president has issued seven new directives to hasten economic recovery. Among these is a directive allowing the upward floating of the peso. The minimum rate of the peso to the dollar is estimated to be 15 pesos and 40 centavos. All of the President's economic advisers, including Prime Minister Cesar Virata, Trade and Industry Minister Roberto Ongpin, and Central Bank Governor Jose Fernandez recommended issuance of the directives. Correspondent Rita Balthazar has more:

[Begin recording] First, the exchange rate will be permitted to float upwards toward a new equilibrium level. The Central Bank will continue to administer this mechanism jointly with the banking system.

Second, in order to provide incentives to the banking system to more efficiently capture exchange resources earned by the country, the Central Bank will reinstate the retention of 20 percent of foreign exchange earnings earned by individual institutions. This will help [words indistinct] the planning of exchange usage among individual banking units.

Third, ~~a special~~ excise tax on the sales by the banking system of foreign exchange for all payments excepting those for merchandise imports shall be levied and assessed immediately and continue up to December 1985. This tax shall be 10 percent based on the total value of foreign exchange sales.

Fourth, an economic stabilization tax shall be collected and shall start at 30 percent based on the exchange differential between 14 pesos to \$1, the new effective exchange rate to be levied on the peso value of exports. [sentence as heard] This economic stabilization tax shall be effective up to December 1985, with a starting figure of 30 percent [words indistinct] this quarter. This tax shall be lifted by the end of 1985.

Fifth, the present import surcharge shall be increased from 8 percent to a uniform 10 percent, effective immediately.

Sixth, austerity measures are immediately to be implemented, which include a reduction in the programmed budget for 1984 by 5 percent.

Seventh, borrowings of government corporations and their new investments will be immediately implemented, with the objective of reducing their claims on government budgetary resources as well as on both domestic and external credit availability. [end recording]

Both Virata and Fernandez stressed that economic conditions have reached a point requiring firm and decisive action. These conditions include continuing speculations on the exchange rate, investment decisions, and probable government response to various economic pressures. Virata and Fernandez said that the principal objective of the seven measures is to stabilize the country's balance of payments position. The new measures are expected to reduce imports, increase exports, and attract foreign investment. Virata and Fernandez noted that while the measures represent an integrated stabilization program for the economy, the key element of floating the exchange rate is predicated on desire to control liquidity or excessive money in the financial system.

#### Task Force on Irregularities

HK051357 Quezon City Maharlika Broadcasting System in English 1100 GMT 5 Jun 84

[Text] President Marcos has designated a presidential anti-dollar [word indistinct] task force the only authority to investigate all foreign exchange irregularities. The chief executive issued a letter of instruction in which he stressed the need for more coordinated government efforts in the campaign against violators of foreign exchange circulation. Following the president's directive, the Finance Ministry's Intelligence Bureau was ordered to desist from enforcing laws and from [words indistinct] operations and investigations of cases of blackmarketing, smuggling, or salting of [word indistinct] currencies. [words indistinct] against other intelligence and law-enforcement agencies.

#### PESO VALUE DROPS 22 PERCENT IN TRADING 6 JUN

HK060511 Hong Kong Domestic Service in English 0500 GMT 6 Jun 84

[Text] In Manila, the Philippine peso has plunged in value by 22 percent in the first few minutes of trading today. The effective devaluation follows yesterday's announcement that the peso will be allowed to float against the American dollar.

The peso is now trading to 18 to the dollar, compared with 14 yesterday. It is the third devaluation in a year, and was among the measures sought by the International Monetary Fund as a condition for its approval of a \$630 million standby credit for the Philippines.

PHILIPPINES TO ASK FOR FURTHER DEBT MORATORIUM

HK010039 Manila Far East Broadcasting Company in English 2330 GMT 31 May 84

[Excerpt] Prime Minister Cesar Virata indicated yesterday [31 May] that the Philippines will ask for another 3-month reprieve from repayment of its \$25 billion foreign debt, extending to a full year the moratorium granted it by the world's commercial banks. Prime Minister Virata told reporters after a Cabinet meeting that Philippine inability to reduce money in circulation is one of the main causes for the delay in completing the negotiations with the International Monetary Fund on a \$650 million standby credit. He said another round of negotiations with the IMF probably will be held in 2 weeks. President Marcos said earlier that the negotiations might be finished in May or June.

COMMODITY PRICES REPORTED 'STILL RISING'

HK050811 Manila Far East Broadcasting Company in English 2330 GMT 4 Jun 84

[Text] The costs of prime commodities covered by price control were reported still rising. Price-monitoring teams reported that the prices of pork, chicken, eggs, and rice are still above the government level in many areas. In the face of these rampant price violations, Assemblymen-elect and Vice Governor Ismael Mathay Jr. warned that no warnings will be given to violating store owners. He said their establishments will be summarily closed for 1 week and criminal charges will be filed in court.

Also, the Metro Manila Commission price-monitoring teams have recommended to the vice governor the closure of at least 25 stalls in 3 public markets in the metropolis found to have overpriced pork beyond the government price ceiling of 35 pesos 95 centavos. In a report, the monitoring chief recommended the closure of 25 stalls in Diliman and Tandang Sora markets in Quezon City and Divisoria market in Manila.

RONO SAYS INDEPENDENTS TO WORK WITH KBL, UNIDO

HK051044 Manila Far East Broadcasting Company in Tagalog 1000 GMT 5 Jun 84

[Text] Deputy Prime Minister Jose Rono has announced that independent candidates elected in the recent elections are ready to cooperate with the KBL [Kilusang Bagong Lipunan] and UNIDO [United Nationalist Democratic Organization]. He said that the administration is preparing to hold discussions with independent assemblymen on national reforms, and he expressed hopes that winning opposition candidates would likewise cooperate. However, with reference to Assemblyman Arturo Tolentino's suggestion that local officials who do not fulfill their duties in the Batasan should be penalized, Rono said this should apply only to future elections.

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